

Internal Audit & Assurance

Update Report Feb 2019

Partnership Management
Committee

February 2019



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.

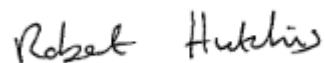
Recommendation: that the Committee notes the current status of the Partnership and current issues.

Key initiatives since October 2018

The Counter Fraud Team's excellence in service delivery continues to be recognised. At the recent Government Counter Fraud Awards the national 'Counter Fraud Team of the Year' award was between DAP's Counter Fraud Services Team and NHS Scotland. NHS Scotland won the award; however we received the accolade of 'Highly Commended' for second place from the organisers (CIPFA, National Crime Agency, Cabinet Office and City of London Police). We are working with Devon, South Hams and Torridge councils to data match council tax records and then to assist in the investigation of potential fraud that is identified.

We have been working with South Hams and West Devon councils since 2014 and have managed the internal audit function since October of that year. Both councils have now enquired about joining the partnership; initially this would be as a "non-voting" member, but longer term the option will be available for them to join as a "full member". We are working with senior management and members to take this forward.

We worked with local partner, SWAP, to deliver training sessions for senior management and audit committee members. The sessions were well attended, and we provided guidance and training on The Cloud, Lessons from Northampton and Alternative Delivery Models. Initial feedback from the events was positive, and we were asked to provide our "lessons from Northampton" to the full audit committee and other members at East Devon Council.



Robert Hutchins
 Head of Devon Audit Partnership
 February 2019

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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. Our projected financial position for 2018/19 shows a small operating surplus of £5,000. However, we know that things can, and do, change quickly and so constantly monitor the financial position to ensure we stay on track and within budget.



New Business

We have been working with **South Hams** and **West Devon** councils since 2014 and have managed the internal audit function since October of that year. Both councils have now enquired about joining the partnership; initially this would be as a “non-voting” member, but longer term the option will be available for them to join as a “full member”. We are working with senior management and members to take this forward.



Cornwall Council – we have provided a quotation to Cornwall Council to provide Data Security and Data Protection reviews at independent care homes in the County. We are pleased to say that the quotation was accepted, and we will work with Cornwall colleagues to now plan, prepare and deliver the work. The work is likely to run into next year, with around 150 days of audit delivery.

Health – in previous years we have assisted Health colleagues by undertaking a few ICT related audits. This year, we have agreed that we will help Audit South West, the main supplier of internal audit to the health community in the south west, by completing cyber security, business continuity and Data Security Protection Toolkit reviews at a range of organisations. The work this year is of greater volume, at around 60 days of input.

It's not easy though....

We were unsuccessful with our bid to Dorset and Wiltshire Fire and Rescue Service. We were selected to provide a presentation to the evaluation panel and were pleased that our “quality” score was within one point of the winning tender; feedback will help us further improve the quality of our bids. However, our price for the work only scored 4th – this was due to a number of reasons, including travel and accommodation costs as the majority of work was expected to take place in Salisbury.



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.

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.”

GDPR, January 2019

“The reassurance provided that our approach taken with the GDPR project as a whole was of a good standard was very helpful. The audit has **added value** as it has highlighted the areas that we need to focus on going forwards.”

Academies, January 2019

“The report was clear, concise and we had the opportunity to challenge and add our comments. The audit **added value** in that it enabled us to have an external review of a new system and processes giving us the confidence in our methods and processes. The audit service is of a high standard and our experience is very positive.”

ICT Loss Learning and Resilience, October 2018

“Just to say a big thank you for all your work preparing for and facilitating the discussion today. I thought LG engaged well and there are some good things arising from the conversations. You have a really nice rapport with them.”

Pensions, January 2019

“The audit **added value** in that it highlighted the importance of relevant training procedures across all teams and having contingencies in place on smaller teams.”

Collaboration, Training and Success

We are working with our collaborative partner, **Audit West**, to recruit an ICT Audit Manager. We believe this is an exciting opportunity to work innovatively across all our partners and clients in the South West.



Regional Training for Audit Committees

We worked with SWAP to deliver training sessions in October for senior management and audit committee members – the events were well attended, with over 30 different public sector organisations represented. The topics covered included; Understanding the Cloud; Learning from Northampton; Alternative Delivery Vehicles and getting the most from you internal audit team.

We have since been asked to present our “Learning from Northampton” session to the full Audit Committee and other members at East Devon Council.

Counter Fraud Service

We reported in June that the team won the Team of the Year Award in the 2018 Alarm Risk Awards.

At the recent Government Counter Fraud Awards the national ‘Counter Fraud Team of the Year’ award was between Devon Audit Partnership and NHS Scotland. NHS Scotland won the award, however we received the accolade of ‘Highly Commended’ for second place from the organisers (CIPFA, National Crime Agency, Cabinet Office and City of London Police).



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.

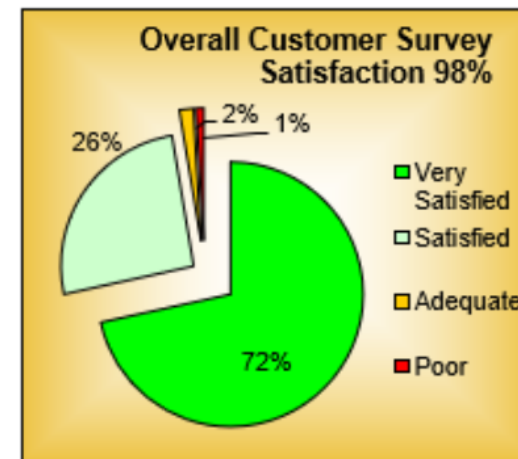
However, the real value in seeking feedback is to identify at an early stage where we have not met expectations and take action to address this. In this period, we have had one feedback form where the majority of scores were "poor". We have spoken to the auditor involved and provided training, support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

- **Schools, January 2019** "The auditor was able to make suggestions for best practice and spent time showing us where to find relevant information online. It has been a positive experience the aim is to assist us in improving our processes and highlight any areas for improvement. Very professional and informative."
- **Academies, January 2019** "The Auditor was friendly and helpful. They kept us very informed and made suggestions to improve practices."
- **VAT, January 2019** "The audit was helpful in that it identified some weaknesses in our processing of VAT claims."
- **Risk Management, January 2019** "I would like to say a very big thank you for all the work he has done on this, which is much appreciated."
- **Data Security and Information Governance, February 2019** "I wanted to pass on to you how thorough I found the auditors work and pleased I was with the draft report he did. I am not at all surprised, as we received the same high calibre of work last year on another piece of work for us. I acknowledge that you were unfamiliar with the client, but from my view, it was not at all evident. I hope that we can continue to work in partnership going forward."

But there is always **room for improvement**. 2% of our respondents scored part of our service "poor". One or partner schools fed back a number of areas where we need to improve. These included a better understanding of the differences between federations and academies, and the value of tendering and procurement. It is important that we understand the customers concerns and we have ensured that individual and team training has been put in place to address these concerns.

DAP – Customer Survey Results first 9 mths of 2018/19



Internal Audit Performance

Our analysis of performance for the first nine months of 2018/19 indicates that overall performance is on target, with a few areas that need to be closely monitored. 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					
Nine month performance (end of December 2018) Inc Schools					
Local Performance Indicator (LPI)	Full year Target	9 mth Target	Quarter 3 2018/19	Quarter 3 2017/18	Direction of Travel (where applicable)
Percentage of Audit Plan Started	100	73	76%	81.00%	↓
Percentage of Audit plan Completed	90%	65%	55%	59.00%	↓
Percentage of chargeable time	65%	65%	65.8%	67.60%	↓
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%	90%	92.00%	↓
Final reports produced within target number of days (currently 10 days)	90%	90%	99%	97.00%	↑
Percentage of staff turnover	5%	5%	7% (2 people)	11% (3 people)	↓
Out-turn within budget	Yes	Yes	Yes	Yes	↔

Management Comments

On target, but slightly down on last year

Below target, but not seen as an issue

Slightly down, but due to maternity and apprentice training time.

Slight reduction – mainly in the Torbay team (due to sickness & other absence)

Appendix 1 - Customer Service Excellence Results – 2018/19

Customer Survey Results April 2018 - January 2019

The charts below show a summary of 65 responses received.

