

Internal Audit & Assurance

Annual Report 2018-19

Partnership Management
Committee

June 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.

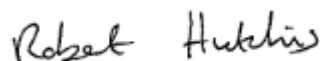
Review of Devon Audit Partnership 2018/19

It is with great pride that I write this annual report as Head of DAP as we enter our tenth year as a partnership. The previous ten years has seen considerable change; we have been set some very hard targets which we have accepted and achieved. We have been able to reduce the internal audit costs for our founding partners, and we have been able to pass on our competitive daily rates to new partners and other clients and customers. We have expanded the services we supply to include Risk Management and Counter Fraud offerings, and we provide services to a range of organisations across the south west and beyond. We have recently expanded our service offering to include charities, and are providing EU grant auditing services for housing associations, colleges and universities.

What will the next ten years bring? As always there are uncertainties, both at a national and local level, that will impact on what our partners and clients need. We aim to be at the forefront in developing wider assurance services for not-for-profit organisations, pro-actively identifying their assurance needs and developing our service to meet these needs professionally, effectively and with the customer at the heart of what we do.

The excellence of our services continues to be recognised with the Counter Fraud Team recently receiving the Fighting Fraud Locally national award. At a national level, our work with Dartmoor National Park has been recognised as is included within CIPFA's recent guidance note to support Heads of Internal Audit in their roles.

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
June 2019

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Finance and new business

Budget position

The Partnership has consistently remained within budget and at the end of 2018/19 carried forward a reserve of £212k. The out-turn for 2018/19 shows that a small surplus was achieved (£26k). This has been achieved through careful monitoring of the budget and careful use of fixed term and contract staff to deliver the changing work pattern of our clients.



Devon & Somerset Fire & Rescue Service

In March we submitted our tender bid to Devon and Somerset Fire and Rescue Service for internal audit support. We were invited to present our bid, and how we considered we could meet the Service's needs; we are pleased to confirm that our bid has been accepted.

We look forward to working with Fire Service colleagues over the coming years and in developing further our services for them.



Other New business

We have been successful in our bid to be the First Level Controller of the Compete IN Interreg Project being led by Plymouth Marjon University.....



.....And have been appointed the internal audit provider for the Tarka Learning Partnership, a new academy school based in Barnstaple.

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 the start of 2019** who agreed that we have achieved this aim.

Culture – we were provided with thorough pre-audit discussions to ensure all the relevant risks were audited and in a way which suited both auditors and organisation. The audit provided clear evidence of issues which were easy to understand and use to build a **case for change**.

Secondary School - The way Clare went about the audit was great; she put staff at ease. Audits can feel intrusive by nature but Clare was so helpful. It helped lead us in the right direction for areas we were weaker in. In difficult financial times for schools spending additional money on the audit service was a hard decision, but **well worth the money**. I cannot commend Clare highly enough, she really changed the whole financial team’s idea of ‘auditors’

Client Finance Services - The audit was carried out in a professional, sensitive and inclusive manner listening to all views and comments and acted independently with no pre-judgements to provide a well balanced report. The audit **added value** in that it provided an opportunity to look from the outside at the whole process rather than just individual areas.

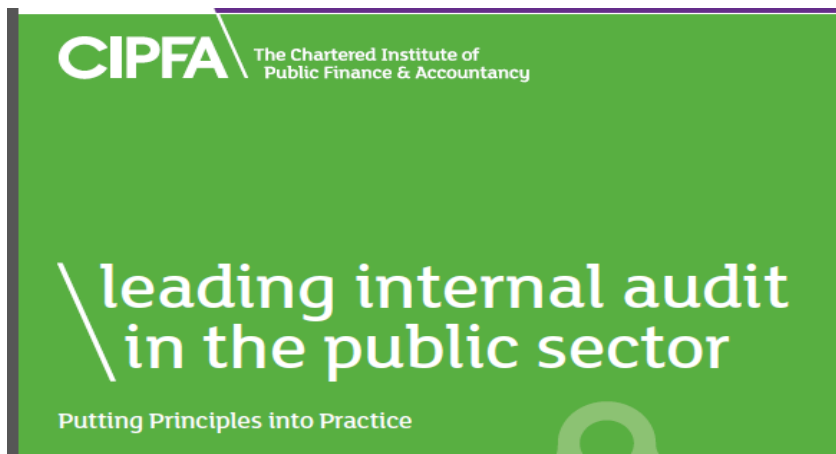
Sensory Team - The time spent illustrating cases and being able to talk one to one through the process used was very valuable. The audit **added value** through a flow diagram that helped to clarify how we deal with referrals and it was reassuring that there were no major problems identified. The recommendations were also useful and achievable.

Building Control - Helpful feedback on the partnership arrangements to date and risks to the organisation. It **added value** by providing helpful suggestions over way forward via recommendations.

An Award Winning and Sector Leading Service

Counter Fraud Service

Our Counter Fraud Team has been successful in winning the **Fighting Fraud and Corruption Award**. The standards of entrants were really high and all of the 'Big Hitters' across the country were there, so the recognition is well earned and well respected by peers up and down the country.



CIPFA has recently issued updated guidance with regards the role of the Head of Internal Audit. We contributed an article to the advisory note, reflecting the work we have undertake with officers and members of Dartmoor National Park as they considered the role and responsibilities of the Audit Committee.

Advising on the terms of reference of the audit committee and its role within the authority

Robert Hutchins, Head of Internal Audit

The head of internal audit worked with the section 151 officer to compare the terms of reference with similar organisations. They looked to identify 'best practice' that would help formulate future committee structures.

Customer Service Excellence (CSE)

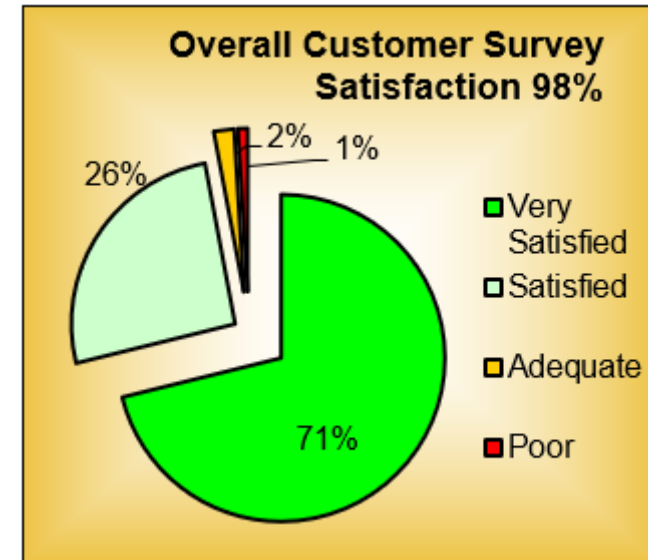
DAP was successful in re-accreditation of the CSE standard during the year.

In May 2018, June Shurmer, our assessor, visited the team to evaluate our customer services against a rolling programme; we await the results of her work. The CSE standard expects and requires “continuous improvement”. June will re-visit us on 19th and 20th June – if you wish to feed any comment to June please let Robert Hutchins know.

During the year we issued 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 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.

We seek feedback from customers from all sectors that we work in, but receive a good rate of return from schools, be these grant maintained or academy. An extract from some of the feedback received since Christmas is shown below :-

DAP – Customer Survey Results 2018/19



- School – March 2019 David was very knowledgeable and supportive in his approach, thank you.
- Schools – Feb 2019 - We have a good working relationship with (the auditor) and continuity with (the auditor) helps with the efficiency of the audit and our experience. Just very pleased with the experience.
- Schools – Feb 2019 - The audit was carried out very well and we were happy with the manner of our auditor. We were very satisfied with every aspect of the audit.
- Schools – March 2019 - We couldn't have asked for a better service. The whole process was helpful as it made me confident that the systems we have in place are robust.
- Fire – March 2019 – “Good service”

Internal Audit Performance

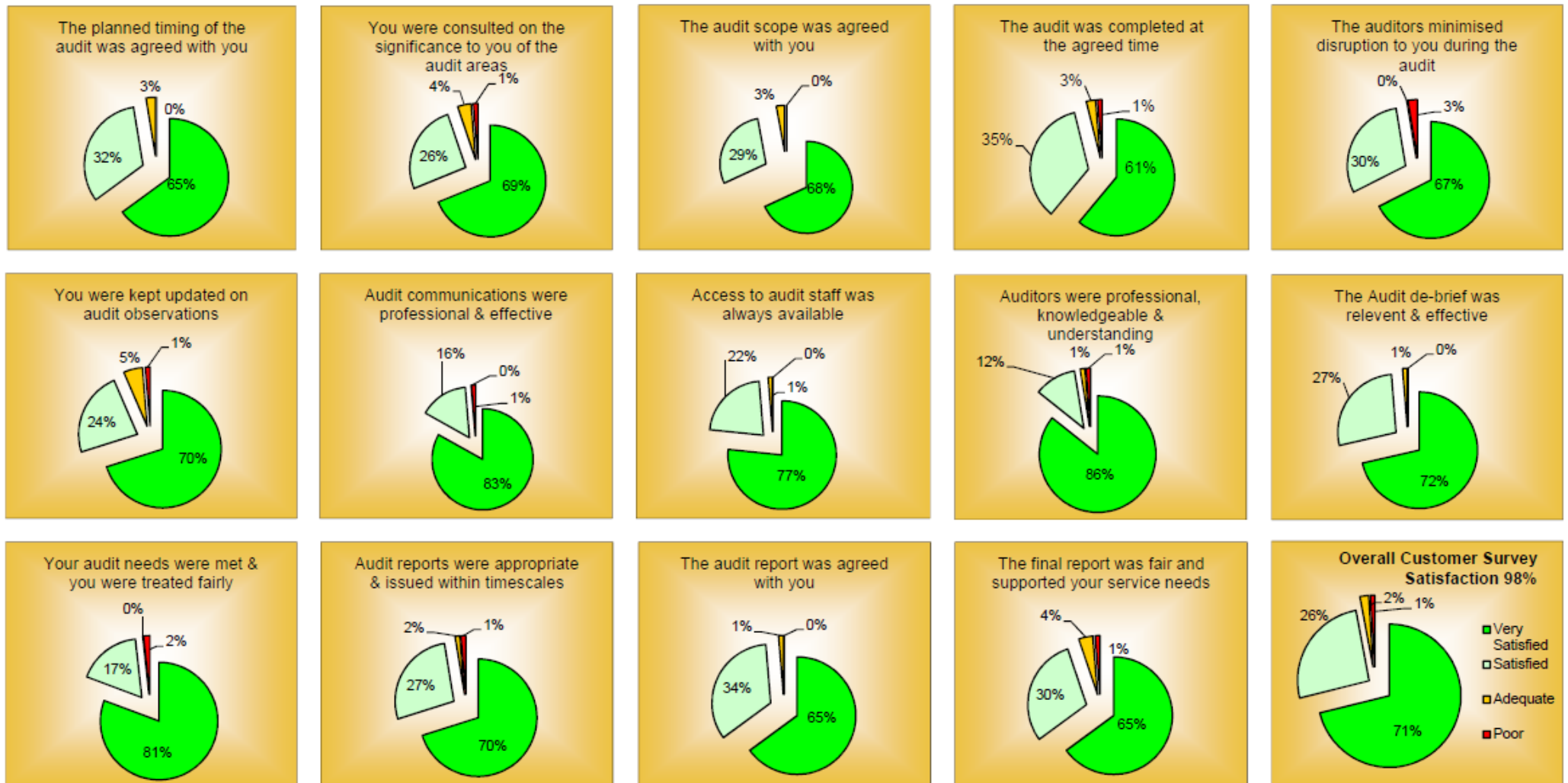
Our outturn analysis of performance for the year ended 31st March 2018 indicates that overall performance was good and generally exceeded our targets. 91.3% of the respective audit plans were completed (against a target of 90%) and customer satisfaction levels of 98% across the partnership are noteworthy. A breakdown of performance across all partners is shown in Appendix 2.

Devon Audit Partnership		Year end performance (end of March 2019) Inc Schools			Notes
Performance to end of March 2019 Inc Schools					
Local Performance Indicator (LPI)	Full year Target	Full year Performance	Outturn 2017/18	Direction of Travel (where applicable)	<p>Percentage of Chargeable Time has reduced from last year, but this is mainly due to 3 x employees being on Maternity leave. (the slight quirk of our system is that maternity leave days need to be recorded to ensure a continuous record for that individual, but this has had an impact on the reported “chargeable days” value.</p> <p>There is a slight reduction in the production of Draft reports in target days, and this is very slightly below our target. We will look to improve this area in the coming 12 months.</p>
Percentage of Audit Plan Started	100%	99.7%	100%	↓	
Percentage of Audit plan Completed	90%	92.8%	91%	↑	
Percentage of chargeable time	65%	66.1%	72%	↓	
Customer Satisfaction - % satisfied or very satisfied as per feedback forms	93%	98%	98%	→	
Draft Reports produced within target number of days (currently 15 days)	90%	88%	92%	↓	
Final reports produced within target number of days (currently 10 days)	90%	98%	98%	↑	
Percentage of staff turnover	5%	4%	20%	↑	
Out-turn within budget	Yes	Yes	Yes	→	

Appendix 1 - Customer Service Excellence Results – 2018/19

Customer Survey Results April 2018 - March 2019

The charts below show a summary of 77 responses received.



Appendix 2 – Local Performance Indicators 2018/19

Breakdown of Performance by Client

<i>Local Performance Indicator (LPI)</i>					
	Plymouth	Torbay	Devon	Mid Devon	Torrige
Percentage of Audit plan Completed	91.7%	91.2%	93.1%	95%	93.2%
Percentage of chargeable time *	75.0%	65.4%	61.5%	74%	68.3%
Customer Satisfaction - % satisfied or very satisfied as per feedback forms	98%	98.4%	98%	97%	92.2%
Draft Reports produced within target number of days (currently 15 days)	98.2%	80.7%	89.4%	88%	85%
Final reports produced within target number of days (currently 10 days)	100%	100%	100%	82%	100%

* Percentage of chargeable time – the figures shown are based on the “main location” of staff, and so not fully relate to that partner. For example, apprentices are based at Devon, but have a much lower productivity rate than other staff. Maternity leave for 3 x staff has also had an impact on figures for Torbay, Devon and Mid-Devon.