

Risk, Internal Audit, Counter  
Fraud & Assurance

Six Month Update Report  
2019/20

Partnership Management  
Committee

October 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.

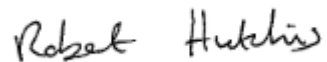
### Key initiatives since June 2019

We have completed contractual agreements that allow South Hams and West Devon councils to join the Partnership is a non-voting capacity. We have also continued our discussions with colleagues at North Devon and are hopeful that they will join as partners early in the new year.

Our Risk Management Group continues to operate well; the most recent meeting involved Neil Hamlyn from the Local Resilience Forum who provided an insightful session on resilience risks in the area. We were joined by Nathan Silk, from the States of Guernsey, providing an insight into wider risks affected all public services.

We have again worked 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 integration between Counter Fraud and internal audit; operating in a commercial environment; and considering the “top ten risks” and how these impact on our partners and clients.

It is every more important that we focus on the key risks and challenges facing our partners and clients and give assurance in these areas. The collapse of Carillion showed that companies can, and often do, fail. The internal auditors for Carillion were Deloitte and when questioned by the Parliamentary inquiry a representative told MP’s that “the firm was more likely to have assessed labour conditions on Qatari sites or the validity of drivers’ insurance policies than it was to dig into the weeds of the company’s finances” – a sobering thought as we plan our work for the coming year !



Robert Hutchins  
 Head of Devon Audit Partnership  
 October 2019

### Contents

Page 3 – Finance, and new business

Page 4 - Adding Value

Page 5 – Collaboration and success

Page 6 - Staff and Partner Development

Page 7 – Customer Service Excellence (CSE)

Page 8 - Internal Audit Performance

Appendix 1 - Customer Service Excellence Results – 2018/19

## Finance and new business

### Budget position

The Partnership has consistently remained within budget and at the end of 2018/19 carried forward a very healthy reserve of £212k. Our projected financial position for 2019/20 shows a projected operating surplus of circa **£16k**. 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

**Cornwall Council** – have requested that we assist them with reviewing the data security arrangements at independent care homes in which Cornwall service users are placed. The work involves visits to each care home, with the output being a themed report, identifying areas that the sector may need to address.

Following a tender submission we have been appointed as First Level Controllers (FLC) for **Plymouth University** regarding their Interreg V Atlantic Programme PORTOS and DiadES projects.

We are currently awaiting replies in respect of a number of other EU schemes, including a number in the Leeds area.

### New Partner?

As mentioned earlier we are working with senior management and colleagues from North Devon District Council with the aim of North Devon joining DAP as a member from April 2020.



## 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.

Active Devon – Sept 2019 – your audit provided external check and challenge of key areas for us such as governance and financial reporting. It **added value** by highlighted areas for us to review and improve. As a customer I found it a smooth process

Library Services, June 2019 - A **valuable service** to the council. A working together approach which brings to light areas of services which can be improved. It was a good customer experience, wouldn't change anything in the process

Schools, May 2019 The auditor was so friendly and understanding to the schools individual needs. Everything was clear and well set out so easy to follow and understand.

The way the auditor went about the audit was great and she put staff at ease.

The audit has 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 not commend the auditor highly enough, she really changed the whole financial teams idea of ‘auditors’

Academies, June 2019 - The audit service is of a high standard and our experience is very positive. The audit **added value** as it enabled us to have an external review of a new system and processes giving us the confidence in our methods and processes... and improve the way we do things

## Partner and Staff Development

### Regional training for Audit Committees

We again worked with SWAP and Grant Thornton to deliver training sessions in October for senior management and audit committee members – (see our flyer details). The events were extremely well attended with 45 members attending our Buckfast event. Members from 26 different public sector organisations were given training and guidance in their role on the Audit Committee. The seminars also 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 31 of the team, with a range of sessions covering

- DAP strategy and direction for the coming year
- Counter Fraud – and how this can be integrated with internal audit
- Commercialisation within the public sector
- Team building (colour blind exercise)
- Top ten risks – are we auditing them?

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.



**BUCKFAST ABBEY – 1<sup>st</sup> Oct 2019**

### MEMBERS TRAINING – revised AGENDA

- 09:00 **Welcome – Coffee and Registration**
- 09:30 **Introduction** – Robert Hutchins: Head of Partnership, DAP, Ian Baker: Executive Director SWAP Internal Audit Services
- 09:40 **Culture and Ethics** - Robert Hutchins: Head of Partnership, DAP  
*Rob will discuss the importance of having a strong organisational culture, supported by a Code of Ethics – he will discuss the importance of setting the 'tone' from the top.*
- 10:10 **External Audit Reform** - Jon Roberts Partner - Head of Public Policy – Audit – Grant Thornton  
*There is a lot of activity in this area right now covering both the audit profession as a whole as well as the role of External Audit in the Public Sector. Jon will take you through some of the key issues.*
- 10:40 **How Secure is Your Data** – Darren Roberts: ICT Audit Manager, SWAP  
*Darren will highlight some of the risks to your organisation's data and what steps you can reasonably take to keep it secure.*
- 11:10 **Tea/Coffee**
- 11:30 **Looking at the Horizon** – Jason Vaughan: Strategic Finance Manager & Deputy S151, Somerset County Council  
*Jason will be discussing risks that the public sector will be facing and how we can rise to the challenges ahead.*
- 12:00 **Fraud – Should we be worried?** – Ken Johnson: Counter Fraud Manager, DAP  
*Ken will be answering the question for those charged with governance. In addition, he will be considering what is the value? And, are we looking for and finding fraud?*
- 12:30 **Managing your social media presence.** Darren Roberts: ICT Audit Manager, SWAP  
*You want to connect with your customers, but what are the risks?*
- 13:00 **Summary of the Day Questions** – Speaker Panel

## Customer Service Excellence (CSE)

DAP holds the Customer Service Excellent award.

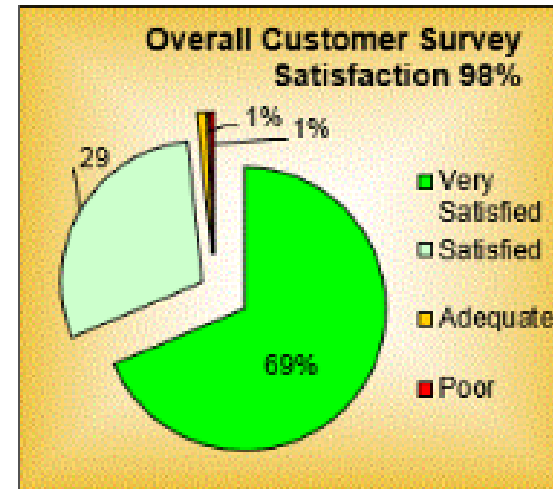
After every audit we issue client survey forms. The results of the surveys returned remain very good and very positive. The overall result is very pleasing, with near 98% being "satisfied" or better across our services, see appendix 1. It is very pleasing to report that our clients continue to rate the 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 :-

- School – July 2019 -Planning process was really good. Auditor really easy to communicate with. The auditor **added value** by helping us as we always looking to improve
- Torbay Council – Aug 2019 - IBS system admin - As always, I appreciate the work undertaken and the assurance it provides.
- Pilton Infants school - Sept 2019 - Everything went according to the plan. The audit took place over two days and I was left time in between the process to carry out normal school duties. Governors very pleased with results and recommendation have been taken on board to further improve our standards. I found being kept full informed of what would be happening and when particularly helpful.
- Schools, May 2019 We couldn't have asked for a better service
- Culture Audit May 2019 The pre-audit consultation was thorough and transparent. It was clear what was coming and what was needed. The audit provided clear evidence of issues which were easy to understand and use to build a case for change

DAP – Customer Survey Results first 6 mths of 2019/20



## Internal Audit Performance

Our analysis of performance for the first six months of 2019/20 indicates that, overall, performance is generally expected. However, audit work completed is below target, and slightly less than this time last year; this has been due to a number of reasons (sickness include), but we remain confident that we will be able to deliver our internal audit service to partners and clients.

Percentage of chargeable time is also less than expected. This is due to additional apprentice time (which is generally classified and “non-productive” and by sickness and phased return to work arrangements.

Customer satisfaction levels of 98% across the partnership remain positive and noteworthy.

Devon Audit Partnership - Performance monitoring 2019/20					
Six month performance (end of September 2019) Inc Schools					
Local Performance Indicator (LPI)	Full year Target	6 mth Target	Quarter 2 2019/20	Quarter 2 2018/19	Direction of Travel (where applicable)
Percentage of Audit Plan Started	100%	45%	57%	54.9%	↑
Percentage of Audit plan Completed	90%	40%	35.1%	34.5%	↔
Percentage of chargeable time	68%	68%	64.3%	69.8%	↓
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%	94%	92.1%	↑
Final reports produced within target number of days (currently 10 days)	90%	90%	100%	95.5%	↑
Average level of sickness absence	2%	2%	2.9%	1.4%	↓
Out-turn within budget	Yes	Yes	Yes	Yes	↔
Percentage of staff turnover (4 staff (2 leavers & 2 starters) of 30 staff = 13%)	13%	8%	6.7%	1 starter & 1 new apprentice	

# Appendix 1 - Customer Service Excellence Results – first 6 mths 2019/20

## Customer Survey Results April 2019 - March 2020

The charts below show a summary of 25 responses received.

