

**DEVON AUDIT PARTNERSHIP – COVID UPDATE REPORT**  
**Report of the Head of Devon Audit Partnership**

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

**Recommendations:**

- i. That members note the actions and response by the Devon Audit Partnership in relation to the Covid 19 crisis.
  - ii. That members note that Internal Audit plans for our partners are likely to be affected from the impacts of Covid 19.
  - iii. That members note the potential risks to the financial position of DAP and the action by Partnership Management to reduce such risks to an acceptable level, whilst still supporting the COVID 19 response when called upon.
1. The Update Report, set out below, separately describes the action taken by Devon Audit Partnership to respond to the Covid 19 crisis.

Robert Hutchins

Electoral Divisions: All  
Local Government Act 1972

List of Background Papers

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<u>Background Paper</u>	<u>Date</u>	<u>File Ref</u>
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Nil

There are no equality issues associated with this report

# Devon Audit Partnership

## Responding to Covid 19

### Update note for Devon Audit Partnership Committee - as at June 2020.

#### 1 Introduction

1.1 This short report provides an update on the position and response of DAP to the Covid 19 crisis..

#### 2. Helping our clients respond to Covid 19

##### 2.1 Deployment

- We prepared a skills / availability matrix of all DAP staff for the purposes of redeployment to other priority services for all our partners. Take up has been relatively low, with only 5 staff deployed to other roles between our partners.

##### 2.2 Operational Support: -

- Head of Partnership operated as Head of Devon CC Food Cell during March and early April, now a much reduced role.
- Other DAP staff supported through a wide range of issues including:
  - food supplies for smaller Care Homes and
  - Assisting the “Shielded”.

#### 3 Internal Audit Response

3.1 We reviewed and revised our approach to the provision of Internal Audit via a new delivery model.



3.2 The focus of the model has been assurance mapping underpinned by the well-known and recognised '3 lines of defence model' to build a more in-depth view of the risk and control framework.

## 4 19/20 Annual Internal Audit - reports and opinions

4.1 We prepared and issued all our annual reports based on the work completed. We have provided our annual assurance opinion based on this work (and work in previous years) but also included a statement as to the impact of Covid 19 on the control environment.

## 5 Undertaking the agreed plans for 2020/21

- Work underway as outlined above.
- There has, more recently, been a move back towards more “traditional” audit work, albeit via a remote working approach. This has been possible as partner staff return to the normal duties.
- Greater use of data analysis / data analytics.
- Audit Committees – a number cancelled, but now moving to a “new norm” of virtual meetings via zoom, Teams etc. DAP officers have attended and presented reports to members – varying success, but we expect use to increase and effectiveness to improve

5.1 Audit plans for our partners are likely to suffer from some reduction. We would normally expect to complete one quarter of our plan by end of June, but completion in this first quarter will be impacted (by staff deployment to COVID 19 Support, working to the new model and by audit work being deferred etc). Whilst we would, ideally, like to make up lost time in the rest of the year this may not be achievable, though we still hope to provide a balanced audit opinion. We will recommend to Partner and client Audit Committees (or equivalent) that plans are adjusted to account for the (probable) loss output from Q1.

## 6 Counter Fraud.

- Counter-fraud staff continue to work on referrals until such time as they are deployed into other roles.
- Advice, guidance and consultancy continues.
- Progressing investigations as far as possible in the absence of face to face interviews and court proceedings taking place.
- Onward notification of national alerts (e.g. NAFN) which have assisted in identifying fraud.

## 7 Risk Management (Devon CC)

- 7.1 Risk Management working with service leads to:
- Identify new risks, including linked to COVID 19 (Fraud and PPN 2 2020);
  - Update current risks in light of Covid19;
  - Update risks to reflect recovery from pandemic

## 8 DAP Development

- DAP developed and implemented new approach, see **model above**
- Revised Assurance Opinion to be in line with Cipfa recommended practice
- Staff adjusted effectively to new ways of working, including MS Teams
- Staff completed Personal Development objectives, including on-line training via Business Risk Management Ltd

## 9 Budget issues

9.1 Each year we start with a (small) surplus of staff to enable us to respond to additional work requests. In 2019/20 such additional requests (over and above work commissioned at 1 April 2019) were £160,000.

9.2 In addition to the above we also use staff from the Temp bank to supplement our core staff. This enables us to “turn up” and “turn down” our resources as required,

9.3 This “spare capacity” also enables us to respond to tenders for work – we want to be in a position where we have capacity to deliver work (sometimes at short notice); if we do not, then it is likely that our competitors will take this opportunity and the work will be lost from us, potentially for a good number of years.

9.4 However, with the Covid19 Pandemic, there is a risk that additional work requests will be curtailed and will not reach our projected level, thus resulting in a financial hit for DAP in 2020/21.

9.5 To try to manage the potential for overspend DAP management have taken appropriate action to address this. Action planned and taken is as follows:-

Action	Impact (£)
Delay start date of new Audit manager from May to September (ACTIONED)	18,000
<b>Achieved</b> Vacancy saving – one employee left during May. We will hold this vacancy until income figures become more certain.	35,000
No call on Temp staff (already budgeted for)	18,000
<b>Total</b>	<b>71,000</b>

9.6 However, if this is not achieved then it is correct for me to point out that any loss would need to be returned to the Partners in the way that previous years surpluses have accrued.

9.7 We do hold a reserve of circa £200k which is split between the partners. With new partners (North Devon) not yet party to this any loss could be offset against our reserve, and so would not necessarily result in a cost to all partners

## 10 Conclusion

10.1 Covid19 has presented significant challenges to organisations and DAP has adapted to the ever changing and developing situation.

10.2 We have, and continue to, advise and support wherever possible; we have recognised that we will need to deliver our work in different ways.

10.3 The financial risk from reduced additional income has been recognised and we have taken steps to manage this risk to a low and acceptable level.

## 11. Recommendation

11.1 That members note that Internal Audit plans for our partners are likely to be affected from the impacts of Covid 19.

11.2. That members note the potential risks to the financial position of DAP and the action by Partnership Management to reduce such risks to an acceptable level, whilst still supporting the COVID 19 response when called upon.

Robert Hutchins  
Head of Devon Audit Partnership  
June 2020.