

Risk, Internal Audit, Counter  
Fraud & Assurance

Nine Month Report 2020/21

Partnership Management  
Committee

January 2021



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.

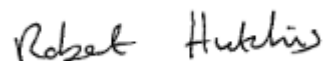
## Key initiatives since October 2020

Since October, the Covid-19 pandemic has continued to be uppermost in all our minds and, quite rightly, our partners and clients have prioritised responding to the crisis. As previously reported, we recognise that DAP is not a “front line” service and therefore we continue to make our staff available to assist our partners with responding to the crisis.

We have further supported our partners as they have developed workarounds to normal business practices to enable a swift and effective response to Covid-19. However, we know that, despite our best efforts, Covid has impacted on our work – for this reason we have re-assessed our internal audit plans to ensure that we can be realistic and effectively deliver a balanced assurance service for all our partners and clients.

Our three new apprentices are settling well into their roles, as is our new Audit Manager. Training and induction has been a remote process; a new challenge for us, but one that we have addressed. In January we welcome two new auditors to assist us with delivery; both employees are employed on temporary contracts to reflect the level of uncertainty that we are seeing on our income streams.

During a crisis the risk of fraud is known to increase. We have developed an online fraud awareness training package that is being used at two of our major partners and have assisted in developing anti-money laundering guidance and training for Devon County Council.



Robert Hutchins  
Head of Devon Audit Partnership January 2021

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## Finance

### Budget position

We continue to work hard to ensure that the Partnership operates within its mean and stays within budget. Covid-19 has presented significant challenges for us; expected additional requests for work from non-partners has been significantly lower than in previous years. However, and as previously reported, we have taken action to manage our costs and are still projecting a small operating surplus for the year. Please also refer to our Month 9 budget monitoring report.



### Covid

It is incredibly distressing to hear that criminals are looking to exploit the vulnerable with scams, promising to provide Covid vaccinations. We have used our partners' staff newsletters to publicise the risk of scams, and to keep staff alert to the threat of scams relating to Covid and in a wider context.

### CIPFA Insight Document

We would also like to draw your attention to the CIPFA Insight document "Facing up to COVID-19 in the public sector: The internal audit response". The document contains interesting case studies demonstrating how audit teams have responded to support their organisations during the pandemic. It also contains some interesting learning points from the pandemic for internal audit teams (which we are considering / addressing for DAP) and a list of key questions for Audit Committee members to ask.

# BE ALERT TO VACCINE FRAUD

Criminals are using the COVID-19 vaccine as a way to target the public by tricking them to hand over cash or financial details. They are sending convincing-looking text messages letting people know they are eligible for the vaccine or phoning people directly pretending to be from the NHS, or local pharmacy.

**PEOPLE ARE WARNED TO BE ALERT TO THESE SCAMS**

The **NHS** will:

- ⊗ NEVER ask for payment - the vaccine is free
- ⊗ NEVER ask for your bank details

<https://www.cipfa.org/policy-and-guidance/reports/facing-up-to-covid19-in-the-public-sector>

## CIPFA Guidance on the Head of Internal Audit Annual Opinion

CIPFA have recently issued [guidance](#) that reminds audit committee members that councils have a requirement for internal audit to conform to the public sector internal audit standards which requires the issue of an annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. The opinion is used to inform the annual governance statement.

In reaching this opinion there is a need for the Head of Internal Audit to ensure that the internal audit provision has sufficient resources and that there has been no limitation on scope to be able to provide the required annual audit opinion. However, we know that the 2020/21 financial year has been like no other, and the publication acknowledges that there will have been an impact on the ability of internal audit to undertake audits and potential changes to resources due to the pandemic. It provides guidance on wording to be used in the opinion section of the annual report in the event that there has been a limitation on scope.

In respect of DAP, the team have been working effectively and pragmatically with partners and clients in delivering the internal audit service this year. All staff are working from home and some staff have been deployed to help support the distribution of welfare grants, and also to assist in front line service areas, such as the provision of food to care homes. Significant adjustments have needed to be made to partner internal audit plans, which has been discussed and reported to you Committees in November/December 2020. The audit team have aimed to be flexible and responsive, with a new aim / phrase of "working at the speed of risk". Although the level of work will be reduced for this year, we will be careful to draw on all sources of assurance to provide the annual audit opinion.

### New employees

We welcomed two new officers to the Partnership. These staff have been engaged in temporary roles to help us deliver our work in the and next financial year. As always the new staff will take a little time to train, but we are hopeful that they will soon grasp the key aspects of our work and help deliver our plans.



### Flexing our resources

it was unfortunate, but unavoidable and inevitable, that, due to the impact of Covid, we have had to adjust the audit plans for our partners.

Revised plans were discussed, and agreed, with s151 officers and (where required and appropriate) the updated plans were taking to Audit Committees for consideration and approval. The Team continues to make good progress in delivering audits, albeit via a remote working approach, which has been made possible where partner staff return to the normal duties.



## Adding 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 October** who agreed that we have achieved this aim.

**ICT Change Management.** Good communication, final report was suitably concise and readable. It **added value** by providing independent confirmation that the process that was reviewed is robust

**Empty Homes Scheme** – the audit **added value** through the conclusions and suggestions for future activity, also the chance to reflect on the service in a more systematic and structured way.

**Primary school** - The review of policies and cross referencing to practice was helpful, and the opportunity to ensure best practice in terms of contracts and renewals **added value** to the school

**Academy** - Adapted well to Covid implications. **Added value** by enabling clear visibility for finance governors.

**Information Security Group** – good engagement throughout from auditor. The audit **added value** by being able to identify areas for improvement which have been used to inform wider action plan on IG.

**District Council** - Creditors  
Did the audit **add value**? Yes, helped improve system access security

## 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 97% 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 2020 is shown below:-

- **Creditors** - Yes had a good discussion with the Auditor around the draft report and the system changes which we implemented straight away following these finds
- **Primary school** - the audit was very helpful and a supportive process. An excellent service in challenging circumstances.
- **Information Security Group** - always friendly and professional - really enjoy working with xxxx and the wider team.

However, during the pandemic we have been working remotely and that has caused challenges for both us (in terms of delivery) and the auditees (in terms of receiving an internal audit). It is important that we receive, recognise and act upon all feedback. We received the following feedback from one of our recent audits:-

*"I would recommend that the audit has a more clearly defined time frame with a scheduled opening meeting and a closing meeting in which the findings of the audit are discussed. This would avoid allocating unnecessary time in anticipation of responding to auditors and provide a clear end to the audit rather than extended email communication. The Poor rating for the debrief reflects the lack of a closing meeting. Having said that I appreciate that the audit was made more difficult by the remote methodology and thank you for your input".*

We recognise that (in this case) opening and closing meetings did not take place as expected; we will work with the individual involved, and the wider team, to ensure that we continue to follow our set processes and that key elements, such as opening and closing meetings, continue to take place using Teams / Zoom / Skype, even as we all work from home.

DAP – Customer Survey Results for 2020/21



## Internal Audit Performance

Our analysis of performance for the first nine months of 2020/21 shows that, overall, performance is adequate, although not as strong as in previous years.

Completion of the expected audit plans is less than expected; primarily due to the impact of Covid, where DAP staff have been assisting partners as they respond to the pandemic, but also due to some sickness experienced as some of the team contracted Covid.

It should also be noted that some audits are taking longer than expected due to remote working and the need for front line staff to concentrate on service delivery in this most difficult of times.

“Percentage of chargeable time” is lower than planned, but reflects the fact that we are training three apprentices, and also the impact of greater than expected sickness.

### Devon Audit Partnership - Performance monitoring 2020/21

Nine month performance (end of December 2020) Inc Schools

Local Performance Indicator (LPI)	Full year Target	9 mth Target	Quarter 3 2020/21	Quarter 3 2019/20	Direction of Travel (where applicable)
Percentage of Audit Plan Started	100	73	67%	84.43%	↓
Percentage of Audit plan Completed	90%	65%	44%	57.47%	↓
Percentage of chargeable time	68%	68%	63%	64.70%	↓
Customer Satisfaction - % satisfied or very satisfied as per feedback forms	90%	90%	97%	98.00%	↓
Draft Reports produced within target number of days (currently 15 days)	90%	90%	83%	91.97%	↓
Final reports produced within target number of days (currently 10 days)	92%	92%	88%	99.37%	↓
Average level of sickness absence	2.4%	2.4%	3%	2.19%	↓
Percentage of staff turnover (annual)	5%	5%	20% (8 people; 4 starters, 4 leavers)	7% (2 people)	↓
Out-turn within budget	Yes	Yes	Yes	Yes	↔



## Appendix 1 - Customer Service Excellence Results – 2020/21

### Customer Survey Results April 2020 to December 2021 - Summary of 31 responses

#### Customer Survey Results April 2020 - December 2020

The charts below show a summary of 31 responses received.

