

# Devon Audit Partnership

## Strategic Business Plan

2021 to 2026

Summer 2021

Version 1.2

Devon Audit Partnership (DAP) provides professional services to not-for-profit organisations. We are experts in our field covering areas such as:

Internal Audit

Risk Management

Fraud Services

Consultancy

Schools and Academies

Cyber Security

EU Audit and Compliance

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# Introduction

Robert Hutchins Head of DAP



We are pleased to present our strategic plan detailing what we, [Devon Audit Partnership](#), expect to achieve over the coming five years.

In 2019 we celebrated ten years of the Partnership and we continue to provide the services our partners and clients want and need.

We put the customer at the heart of what we do and use our knowledge and skills to maximise the effectiveness of the services we provide.

We are a “not-for-profit” organisation providing professional internal audit, counter fraud, assurance, and consultancy services covering areas such as risk management, governance, and business improvement.

We have a committed, dedicated and specialist staff pool that provides an excellent and pro-active resource enabling difficult subject areas to be addressed.

## Our Vision

Our [vision](#) is to be recognised as an exceptional assurance provider, providing internal audit, counter fraud, risk management and other assurance services to public and not-for-profit organisations in the South West and beyond.

We will deliver high quality services that add value and are attuned to our customer needs, providing high quality independent and objective assurance and consulting services that add value to customers and protect public resources.

## Our Mission

Our [mission](#), is to help better the lives of the people, particularly in the Southwest of England; be they children, parents, the elderly, employees or very organisations themselves.

As a service provider our commitment is to help the organisations that we work with to fulfil this common purpose. Our ability to engage with our clients with a professional, dedicated, and supportive team of people is key to our success. Equally so, is our understanding of partner and client objectives and needs in order to help them to achieve their goals.

We aim to work with partners and clients, to support their goals and to provide assurance that the risks preventing achievement of these goals are minimised so that service users and the public benefit from the services provided.



## Looking forwards - 2026 and beyond.

It is never easy to predict what will happen in the future – or the impact that events will have.

Whilst a number of organisations had “global pandemic” on their risk register few really expected it, and very few were ready to deal with the effects.

However, it is crucial that we do look forward and make the best effort that we can to ensure that we are as well placed as we can be to meet new challenges. In our looking forward we have drawn heavily on the European Confederation of Institutes of Internal Auditors (ECIIA) and their excellent publication “[2022 Hot topics for internal auditors](#)” – the publication discusses a number of key issues that we consider are most relevant to our future planning.

The document reminds us that organisations and their internal audit functions face a dizzying pace of change and unprecedented uncertainty.

Internal Audit Heads (in both public and private sectors) believe that Cybersecurity

and data security will continue to be a strong focus of attention, but will become somewhat less of a risk as we reach the middle of the decade, although this is relative. This topic is expected to dominate the risk rankings and any threat mitigation will come from the fact that businesses are becoming better equipped at managing and minimising the risk of attacks and data breaches.

Other risks that are expected to abate or come under greater control include business continuity, crisis management and disasters response; all three of these have been directly influenced by the pandemic and therefore it should be expected that they will recede in due course.

We are aware that the pandemic has destabilised operations and labour, disrupted supply and demand, and undermined previously sound business models to an extent few would have thought possible.

With the roll-out of vaccines in the developed world and the return of growth as economies reopened in 2021, it may be tempting to see the worst of the pandemic as having passed. However, COVID-19 will continue to have deep and lasting consequences.

There is a belief that large sections of the workforce will reflect on their futures, seeking new employment to advance careers stalled by the pandemic or changing course altogether by migrating into different sectors. Countries are witnessing a ‘resignation crisis’, staff shortages and high vacancy rates.

As with other organisations DAP will continue to develop its vision for the future and re-embed core values amid the transition to hybrid operating models that balance remote and on-site working arrangements.

Further, no organisation can ignore the climate change and sustainability agenda. Sustainability regulations are rising, and renewed policy efforts are sure to follow the UN Climate Change Conference of the Parties (COP26). Environmental, social and governance themes have now established themselves as principal risk priorities.

The ECIIA conclude that change and uncertainty are likely to define 2022 and the years that follow and Internal audit must understand this change, articulate how well it believes each organisation is adapting to these pressures and identify how effectively associated risks are being accounted for and managed.

# About Us

Established in 2009 by founder partners Plymouth, Devon and Torbay councils, we have since been joined by Torridge, North Devon and Mid Devon councils as “full partners” and South Hams and West Devon councils as “non-voting” partners.

We provide Internal Audit, Counter Fraud, Risk Management, Assurance and Consultancy services.

Our turnover is circa £1.7m per year, and since forming we have built up a surplus of around £200k, whilst achieving year on year savings to recue costs for our Partners and clients.

We employ over 40 people, which approximates to 36 equivalent full-time staff,

with a passion for delivering quality in our work.

We ensure that we meet all current, relevant professional guidance such as the Public Sector Internal Audit Standards.

In late 2016 we welcomed Terry Barnett, Head of Assurance for Hertfordshire Shared Internal Audit Service, and his colleague Chris Wood, Audit Manager, who completed an [external validation](#) of the Partnership.

Terry and Chris concluded that:

*“It is our overall opinion that the Devon Audit Partnership generally conforms \* to the Public Sector Internal Audit Standards, including the Definition of Internal Auditing, the Code of Ethics and the Standards.”*

\* Generally, conforms – This is the top rating and means that the internal audit service has a charter, policies and processes that are judged to be in conformance to the Standards

The review team found areas of good practice and high standards, including: -

“The partnership is well established and has gained an extremely good reputation with its member councils. The review team received consistently positive feedback about DAP from client officers and audit committee members.”

“The auditors conduct themselves in a professional manner, display knowledge of the areas they are auditing, adopt a flexible approach and are seen to be responsive to the needs of the client.”

“Audit assignments are well planned, and testing is directed to those areas of greatest importance. Working papers are completed to a good standard”.



## Customer Satisfaction

We are here to achieve the best for our customers and the people of Devon. Identifying and addressing their needs is at the heart of everything we do. In working with people, we aim to listen; to be fair, open and honest; and to do what we say. In July 2019, our ongoing commitment to providing a class leading service with a strong customer focus was reconfirmed with nationally recognised accreditation for [Customer Service Excellence](#). We will complete a re-evaluation in the Summer of 2021.

## Location and facilities

Our head office is Larkbeare House, Topsham Road Exeter. To maximise operational efficiency our Partners and clients provide office location for our audit staff to work from. We have specified work locations for most of our Partners.

- **Devon County Council** – Room 180 County Hall, Topsham Rd, Exeter
- **Plymouth City Council** – Midland House, Plymouth, PL1 2EJ
- **Torbay Council** – Town Hall, Castle Circus, Torquay
- **Mid Devon Council** - Phoenix House, Phoenix Lane, Tiverton, EX16 6PP

As we respond to the covid pandemic all our staff are currently working from home. As the Country returns to some form of normality we expect that we will operate a “hybrid” system of working, with staff working both from home and from a secure office environment, whichever is the most effective for the work they are conducting. We operate standard office opening hours (9 to 5 Monday to Friday) but are often available outside of these core hours.

## Awards

Our achievements have consistently been recognised, regularly making the final cut in annual award ceremonies as shown in these images.



# Core Values

Our core values underpin the way we work and seek to deliver our mission.

**Putting the customer first** – We are here to achieve the best for our customers and the people of the Southwest. Identifying and addressing their needs is at the heart of everything we do. In working with people, we aim to listen; to be fair, open and honest; and to do what we say we will do.

**Valuing everyone** – We will demonstrate respect, understanding and fairness to all and we are committed to tackling discrimination and exclusion, promoting social justice and good community relations and ensuring fair access to our services.

**Modern and Innovating** – We want to be a modern and innovative organisation providing efficient, cost effective services that meet customer needs. This means seeking out and embracing opportunities for change and being innovative in finding the best solutions for the present and the future.

**Working together** – We work in close partnership with our customers and other organisations to achieve our vision. Effective partnership working means building trust, developing a common understanding of customers, agreeing joint

priorities, taking collective action and pooling our resources where this will improve outcomes and services.

We expect all our staff to behave in ways that reflect these values.

**Equality and Diversity** - We support equality and diversity, ensuring inclusion, fairness and equality. We aim to support our Partners in achieving Level 3 of the equalities Standard.



## Governance

The Partnership is governed as a Joint Committee under Section 20 of the Local Government Act 2000.

The [Joint Committee](#) has two Members from each of our partner Councils. The Joint Committee is supported by a Management Board comprising the Section

151 Officers of our partners and the Head of Partnership.

We are aware of the financial pressures facing all our clients and partners in the not-for-profit sector. At this moment in time the “delivery vehicle” of a Joint Committee meets the needs and requirements of our partners and customers and ourselves; however, we are continuously monitoring developments as to how organisations such as ourselves are governed, and where different models represent opportunities, these will be explored.

## Key Activities

As mentioned earlier, we provide audit, counter fraud, risk management, assurance and consultancy services to partner Councils, and other clients; we report to the respective Audit Committee or equivalent of each partner / client.

For each partner and client, we will prepare a work plan or equivalent using a risk-based approach and priority assessment to ensure the service provided is aligned to customer needs, goals and objectives.

We ensure that all our work satisfies statutory assurance requirements such as the Public Sector Internal Audit Standards (PSIAS) and Counter Fraud Professional Accreditation Board (CFPAB).

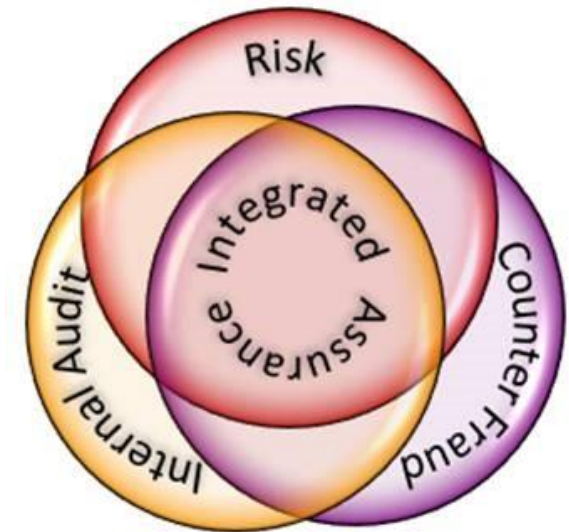
# Key Objectives

- ✓ Provide professional internal audit, counter fraud and risk management services to not-for-profit organisations covering areas such as governance, business improvement and cost containment.
- ✓ Deliver an advisory service to help partners and clients meet their challenges in a rapidly changing environment.
- ✓ Be an innovative service provider that offers high quality and value, making the most of partners resources, and helping them to achieve their objectives in an efficient and cost-effective way.
- ✓ Draw on the strengths of our professional, personable staff to provide high quality, modern services.
- ✓ Ensure a local presence that can respond swiftly to our partners and client's needs.
- ✓ Work with our partners, to support their goals and minimise risks which may prevent the achievement of these goals.
- ✓ Build a workforce fit for the Future.

# Drivers

- ✓ We are committed to improving local government, public sector and wider not-for-profit organisations through supporting and delivering continuous improvement, providing cost effective and value for money services and by collaborative working and sharing good practice.
- ✓ We promote these purposes by undertaking our work in ways which deliver sustainable and continuous improvement, paying special attention to the needs of local communities and our customers.
- ✓ We will strive to be recognised for the quality of the service we deliver, the expertise and support we offer, and the opportunities provided for all our staff to contribute to the aims and objectives of our service and for self-development and learning.
- ✓ We are a “not for profit” organisation, but we are commercially minded. The public sector is facing significant financial pressures and requires every pound invested in our services to be used for the maximum benefit; we tailor our services to ensure we provide a

- ✓ service that fully meets our partners and customers needs
- ✓ We are a people organisation; assurance is delivered by our experienced staff and, although good use of data analytics helps our processes, it is our skilled staff that makes a difference to our partners.
- ✓ We value our staff and will encourage them to develop their skills and knowledge to further enhance our service delivery.





# Products & Services

The future landscape of the not-for-profit sector will change in the coming years. As a critical provider of assurance in this fast-changing world, we are aware that our products and services need to develop to be in tune with organisational needs.

Our service should not be driven by cost or location or ICT capabilities (although all these will be factors) but the needs of our clients.

We cannot be certain that all factors will affect all our customers, but we do know that the following factors will apply:

- Money ↓ our customers are likely to have less funding available to them.
- Risk ↑ global and local threats (climate, political, extremism) have increased the risk to local service objectives,
- Public Expectation ↑ a more aware and connected public demand more from public facing services.
- ICT solutions ↑ will need to increase to enable “more to be done with less”.
- Static, single location ↓ people want services where they are, not have to travel to get them.

We will continue to develop our assurance and consultancy-based products, delivering

measurable outcomes in an adaptable manner.

We will be agile to meet future needs, and will be both reactive and proactive to change

## Core Products

Our core product is the provision of a modern, professional, efficient, and effective internal audit, counter fraud, assurance, risk advisory and consultancy service. This is made up of a number of elements: -

- **Assurance** – providing executive and non-executive directors with independent assurance that their organisations are working in the way that is expected – effective, efficient and economic.
- **Risk based internal audit** – providing assurance that the key risks faced by an organisation are being suitably controlled
- **Systems based audits** – reviewing the key systems of an organisation.
- Counter Fraud – prevention, detection and investigation.
- **Continuous auditing** – using data from systems to provide early warning of potential areas for concern.
- **Specialist advice** – e.g. on the introduction of new systems.
- **Grant funded schemes** – advice on creation of systems to meet grant conditions, and audit of grant claims. We

have particular expertise in EU funded projects.

- **Critical friend and trusted advisor** – we are independent of operational management and provide valued, independent views on issues or concerns.
- **Consultancy** – providing solutions to tackle the key risks and challenges that partners face.
- **Counter Fraud** – All aspects of counter fraud work, be that proactive training and monitoring, or reactive investigations and prosecutions.
- **Risk Management** – assurance on your exiting processes, advice on improvement and full delivery of an Enterprise Risk Management Framework.

See our [website](#) for more information on what can offer.



In the “2022 Risk In Focus - Hot Topics for Internal Auditors” report we can see that:-

Internal Audit Heads (in both public and private sectors) believe that Cybersecurity and data security will become somewhat less of a risk as we reach the middle of the decade, although this is relative. It is still expected to dominate the risk rankings and any threat mitigation will come from the fact that businesses are becoming better equipped at managing and minimising the risk of attacks and data breaches.

Other risks that are expected to abate or come under greater control include business continuity, crisis management and disasters response; all three of these have been directly influenced by the pandemic and therefore it should be expected that they will recede in due course.

The biggest gainers in risk are expected to be Climate change and environmental sustainability, and Digital disruption, new technology and AI, both of which are becoming fundamental existential risks.

Looking ahead three years, IA Heads expect internal audit’s attention to be increasingly directed towards risks related to Climate change and environmental sustainability, and Digital disruption, new technology and AI. At DAP we need to ensure we have the resources to build highly competent and relevant functions that can tackle these

shifting assurance needs with confidence; our staff will need to be “carbon literate”.

However, it is most important that we regularly check with our Partners and clients about their needs; these may be specific for one year or may be more forward looking in nature. We will set up (at least) annual meetings with each client officer to determine their assurance needs in the coming 12 months and beyond. The completion of this exercise will further influence our product and service development.

Further, we see our areas of work developing in the following ways:

- **Organisational Assurance** ↑ providing assurance on governance, structures and reporting arrangements and the transformation of organisations.
- **Cyber Security** ↑ the need for greater Cyber Security assurance at all our partners and clients is ever increasing.
- **Related Party Assurance** ↑ providing assurance that key partners are delivering as expected and are assisting in the ongoing development of services.
- **Third party assurance** ↑ assurance that suppliers are delivering as expected, and that value for money is being achieved.
- **Continuous Audit** ↑ better and more effective use of data from client systems
- **Material systems work** ↓ as continuous audit allows for on-going review.

- **Risk based audits** ↑ a higher percentage of resources will look at the “key risks”.
- **Contracts / tendering** ↑ more involvement with high value contracts and the monitoring of service delivery.
- **Outcomes** ↑ audit of actual outcomes against expected outcomes – has investment achieved results?
- **Fraud prevention** ↑ ensuring robust and reliable arrangements prevent fraud occurring.
- **Fraud detection** ↑ analytical techniques and better awareness will detect fraud at an early stage preventing it becoming a problem.
- **Fraud investigation** ↓ reduced need for long and costly investigations as prevention and detection improve.
- **EU funded projects** ↑ guidance on control systems and audit of claims.
- **Consultancy** ↑ advice / guidance on key risks affecting projects / new initiatives.
- **Partnership working** ↑ drawing upon our skills to help the wider not-for-profit sector in the Southwest.
- **Enterprise Risk Management** ↑ improved entity wide identification, management and control of risks.

# Technology

We see Digital disruption, new technology and AI as being crucial areas for our partners in the coming five years. We need to ensure we are fully aware of the risks (both present and in near future) and “skill up” to deliver the assurance required.

To enable this, we need to look at how we deliver our assurance in this area and how we plan for current and future needs. We know that we are not alone in trying to meet this challenge and therefore will look at how we can work with others to meet our challenge.

We know that the use and interrogation of data will increase in the coming years – we have recently recruited apprentices who will complete training in data analytics and Cyber Risk with the aim of sharing this knowledge and learning with the rest of DAP staff.

AI and robotics will feature heavily in the future, and we know that our partners and customers are exploring the use of this. We need to be at the forefront of such developments with an ability to add to the debate and ensure the continued use of good and effective controls.

We will continue ensure that our services are delivered in a secure, effective, and efficient manner. The effective use of IT is critical to this aim. Our IT is provided by Devon County Council (as host organisation).

We provide each of our employees with a Windows, Office 365 enabled laptop so that they can work on site at each of our clients. These laptops are built to the design specification of our host partner.

We adopt new technology as and when it becomes available to retain our competitive edge and keep pace with change. We are also provided with IT access to Partner and client organisations and systems – this enables our staff to obtain required data in an efficient and effective manner.

Our work is held on a secure network, utilising Microsoft SharePoint technology, with any audit working papers held on the PentanaAudit system – this system is critical in delivering consistent, high quality work.



# Market Analysis

## Market Segmentation

We provide a range of specialist, high quality, and efficient assurance services to the not-for-profit sector in the south west, surrounding area and beyond.

There are many organisations that fit in the not-for-profit sector and we aim to provide tailored services for each type of organisation. A brief summary of the types of organisations and [current Partnership involvement](#) is pictured on this page.

We aim to further develop our relationships in all these areas and increase our service delivery levels.

## Market Needs

The not-for-profit sector is likely to see a reduction in funds available as the country deals with national and global issues such as the Covid pandemic. In contrast, the expectation and complexity of service delivery for these providers is likely to increase further, as public expectations get higher and technological solutions are identified as ways of doing “more with less”.

The sector needs assurance services that can help services develop, embrace new ideas and new technology, whilst fully understanding and effectively managing risk.

DAP should be seen as an enabler for management, involved with projects and developments at the outset, but independent from operational decisions to provide that all important “trusted advisor” role and on-going assurance that risks are understood and managed within the organisation’s appetite.

The Partnership is at the forefront of changing the way that internal audit, counter fraud, and risk management is seen by an organisation, and in helping our clients react and adapt to living with reduced funds.

Whilst we are a “not-for-profit” organisation, it is in the interests of all partners and clients for the partnership to continue to grow. This will enable better specialisms to be developed, enhancing our core products, and provide for better resources that can be reactive and pro-active to client needs.

## Market Trends

As funding to the sector reduces, the funds available assurance will be under pressure, organisations want to know what the “minimum requirement” with a view is that any spending over this must be seen as “adding value”.

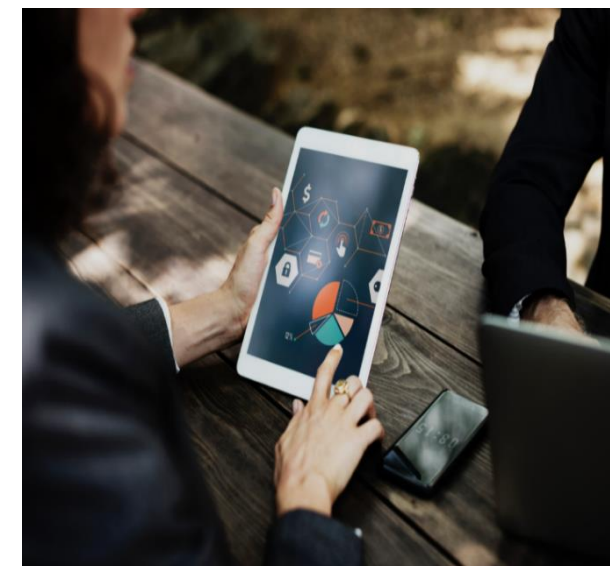
Organisations are looking at ways of sharing back-office services; assurance services are seen as an area where this could be taken forward and the success of the Devon Audit Partnership confirms that financial savings

can be achieved whilst maintaining and enhancing delivery.

The time is right for the Partnership to help the sector achieve more from its assurance services with less resource.

Our dedicated and specialist staff pool will enable difficult subject areas to be addressed.

Our ability to maximise the efficiencies from economies of scale and effective working will enable organisations to realise savings whilst effectively managing risk.



## Market Growth

The overall not-for-profit sector will see a reduction in funding in the coming years. The public sector will reduce or at least have minimal growth. This is expected to result in organisations and individuals looking at how services can be delivered differently and possible changes in delivery vehicles; there is also likely to be an increase in the involvement of the voluntary sector.

Some of the changes expected are -



## Distribution Patterns

Our clients are distributed across the region; there is a larger concentration in the south of Devon (below the A38) and along the M5 corridor, but pockets of activity remain throughout the area.

We do not confine ourselves to the south west; the Covid pandemic has shown that the team can work and deliver assurance services “from home”. We therefore believe that we can effectively provide services in a wider geographical area, and certainly in Cornwall, Somerset and Dorset and beyond.

We do provide services further afield, however, such cases need to be considered on an individual basis and would need to be able to demonstrate advantages to both the client and the Partnership.

As a service provider DAP has a requirement to undertake work where the client has need. In simple terms we are discussing with managers their key risks and risk solutions, we make best, and increasing, use of IT to limit the need for travel time, but face to face

conversations, and physical review of information cannot always be fully avoided.

To meet these needs our workforce is mobile and willing and able to travel. We support the use of public transport where possible, but also provide hire cars (or allow employees to use their own cars) where public transport is not an effective option.

We will continue to invest in ICT to enable effective mobile working, working from home and to enable detailed audit work to be completed at Partnership offices rather than client offices where possible.



## Buying Patterns

The Partnership is supported by a formal agreement between the partner councils. This provides for Devon Audit Partnership to undertake internal audit for each of the partners over a seven-year period, with a review of arrangements taking place after five years (next due 2022), additionally where relevant agreements are in place for counter fraud and risk management services. The partnership agreement has a “rolling” element – i.e. the 7-year life is renewed at the start of each financial year – this is important, as it enables the partnership to tender for work on a continual basis.

For other clients, work is commissioned and delivered via a number of approaches. For some a formal service level agreement is in place and for others we provide a “call off” service that is reviewed each year. Both arrangements work well, and we have a large enough workforce that, with appropriate notice, we can plan to ensure that the best person is allocated to ensure a high-quality delivery in an effective manner.

Some of our clients have obtain their assurance services via a competition process, in response to this we developed an effective process to bid for work, allowing key information to be produced efficiently, and enabling us to demonstrate the benefits of working with the Partnership. Where we have been successful, contract periods have ranged from three to five years.

Both informal and contract arrangements will develop further, and we need to provide the service that best meets client needs. We appreciate that the future is uncertain, and that long term (5 year plus) contracts may not be appropriate for some organisations. We will remain flexible and attuned to sector needs to ensure we are well placed to meet needs.



## Main Competitors

The assurance provision market in the South West is currently seen as highly competitive. Both national and local based accountancy firms are facing reduced turnover, and see other assurance services, such as internal audit, as areas where business can be developed.

On the back of successful internal audit delivery, can come consultancy advice on specialist areas (such as system development, business reorganisation etc.) where good profit margins for the private sector companies can be made. As a consequence, service providers do not always see the need to drive large profits from, for example, internal audit, but see that the marketing and delivery of an internal audit function can provide a gateway to further work.

Competitors range from small, locally based firms or sole traders (e.g. providing services to schools) to large national firms with an established reputation in the public sector for quality internal audit provision.

We are also mindful that other Partnerships in the area are keen to establish their reputation and grow their businesses. We develop links and partnerships as far as possible but will submit competitive tenders for work when we see a business opportunity.

## Competitive Comparison

The Partnership arrangement allows for the Partner organisations to allocate work to the Partnership without the need for a competitive process.

However, a significant and growing element of our business relates to other not-for-profit organisations. It is considered appropriate and beneficial for the Partnership, the Partners and the organisations served, to tender for such work and this trend is expected to continue.

We consider that we are large enough to enable expertise to be developed in an efficient and effective way, enabling the “big risk” issues to be tackled and value to be added, but also responsive enough to provide a personal service that meets individual organisational need.

The benefits of this approach are many but some of the key elements are set out in this image.

Other not-for-profit organisations can draw upon the considerable knowledge and experience of a specialist internal audit provider

The contributions received assist the Partnership to make further investment in assets (staff development, IT etc.)

The contributions received assist in the Partnership being able to develop specialists in certain areas, providing better services to the Partners and other organisations

The knowledge built up by the team help to provide an “audit picture” of the region and help establish and develop links between organisations in the not-for-profit sector.

# Service and Delivery Standards

Our services will be available from 9.00a.m. through to 5.00 p.m. each working day. (4.00 p.m. on Fridays). Service will be provided where possible throughout lunchtime periods.

Voicemail services will be provided outside of office hours and for periods where the office is unstaffed due to work commitments. All phones automatically divert to an answering “hunt group if not answered within 6 rings and this includes any “Whistleblowing” hotlines.

Customers should always be treated with courtesy, respect, and according to their individual needs. Telephone queries will be responded to within two working days. Letters faxes and emails should be replied to within five working days whenever possible. Where the nature of the enquiry necessitates further research or consideration, correspondence will be acknowledged within five working days and the customer informed of who is dealing with the query and likely response time.

## Customer Feedback

We seek feedback and consultation from our Partners and Clients and Staff, examples of how we do this includes.



## Benchmarking Opportunities

As a not-for-profit organisation, the use of relevant benchmark scores provides good supporting evidence for the provision of an effective and efficient service. Benchmarking opportunities that we maximise includes.





# Financial drivers

## Value Proposition

We are a medium sized organisation: our turnover in [2020/21](#) was £1.72m; the majority of our income comes from our partners (88%), with the balance being made up of income from other clients including from the education sector (12%), Blue Light Services such as Devon and Somerset Fire & Rescue Service, and work with district council partners.

Our cost base is predominately made up of staffing costs, accounting for Circa 85% of expenditure; other costs include Premises (2%) Travel (2%) and Supplies & Services (HR, ICT etc) (10%).

## Competitive Edge

We draw upon the strengths of all our partners and our professional, personable staff, to provide high quality, modern internal audit, counter fraud and risk management assurance services. We provide a local presence that can respond swiftly to partner needs.

As a service provider to and within the public sector our commitment is to help the organisations we work with to a common purpose. Our ability to engage with our clients through our friendly and supportive

team of people is key to our success. Equally so is our understanding of partner objectives and needs; this understanding helps us achieve goals and ensure the success of the public services being provided.

We are a “not for profit” organisation, but we are commercially minded. We closely control our costs to deliver a quality service within the financial envelope allocated by our partner.

## Financial Plan

Key Assumptions - We trade as a not for profit organisation; any surplus generated at year end is available to the Partnership for re-investment in future years to develop the service. However, balances remain the “property” of the partner members and so can be taken back into the partner organisations.

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Employee Costs	£1,598,000	£1,620,000	£1,590,000	£1,565,000	£1,560,000	£1,550,000
Premises	£40,575	£40,000	£40,000	£40,000	£40,000	£40,000
Transport	£7,132	£20,000	£25,000	£25,000	£25,000	£25,000
Supplies and Services	£57,465	£70,000	£65,000	£60,000	£60,000	£60,000
Support Costs	£21,300	£20,000	£20,000	£20,000	£20,000	£20,000
<b>Total Expenditure</b>	<b>£1,724,472</b>	<b>£1,770,000</b>	<b>£1,740,000</b>	<b>£1,710,000</b>	<b>£1,705,000</b>	<b>£1,695,000</b>
Income	£1,724,472	£1,776,500	£1,741,500	£1,713,500	£1,706,500	£1,695,500
<b>Profit (Loss)</b>	<b>£0</b>	<b>£6,500</b>	<b>£1,500</b>	<b>£3,500</b>	<b>£1,500</b>	<b>£500</b>

## Projected P&L

As an organisation we have the aim to break even – however a small operating surplus will enable us to react to unforeseen circumstances.

## Cash flow

At present the Partnership is hosted by Devon CC and does not have its own bank account. Cash flow management is incorporated into the cash flow process for Devon as a wider organisation.

## Pricing Strategy

We intend to implement a two-tier approach for our charging.

For the majority of our work, our prices are based upon an average daily rate. We determine and agree the work required (the Annual Internal Audit Plan) and then determine the staff require to deliver this work. This enables us to determine our costs for service provision which will then drive the charge to the Partner.

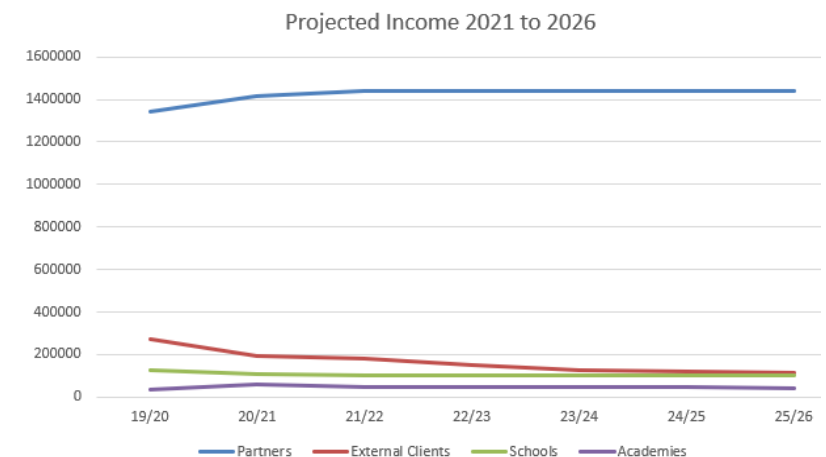
However, during the year we appreciate that Partners and clients may require additional services. Such requests may require us to hire staff on short term contracts (which come with greater associated overheads (e.g. agency fees)) to complete the work or backfill other staff, and as such it is only right that we look to charge a higher rate for such additional work. We expect to charge at the agreed daily rate plus 5% for such work

The price for new, specific, and one-off pieces of work may also be determined by the staff involved; the more senior the staff involved the higher the daily rate to be charged

## Sales Forecast

Our income projections for the period up to 2025/26 reflects a reduced level of income from our partners, but also reflect the growing level of business that we have been able to generate from other clients.

In summary, we are forecasting that income will slightly reduce from £1.78m in 2020/21 to £1.69m in 2025/26. This is a cautious estimate and, as we often see, actual level of service purchased increases in year to address specific concerns (irregularities etc.). People, Partnership working and Internet presence



## Strategic Alliances

We have developed strategic alliances with a number of organisations that will help us deliver our vision.

The most important of these is with Audit West who are based in North Somerset and the Bath area, providing similar services to a range of clients similar to DAP.

Audit West is a not for profit organisation and thus shares a similar ethos. We have worked together to develop better commercial understanding and have in the development of new products to meet client needs. Examples include the development of training in the General Data Protection Regulations (GDPR). Both use the PentanaAudit system, and so there are opportunities to share

Another key partnership for DAP is Audit Together, a collaboration of seven local government Internal Audit Partnerships from across England and Wales. Taken together we partner with 11 County Councils, 9 Unitary Councils, 24 District or Borough Councils, 4 Police Authorities, 3 Fire Authorities and numerous other public sector bodies.

Audit Together provides the ability to share benchmarking and best practice for the benefit of our partner organisations. We produce regular newsletters setting out how internal audit can assist both exec and non-execs charged with governance.



We play a key role in the Local Authorities Chief Auditors Network (LACAN). This group is seen as extremely beneficial in sharing experiences, in developing work programmes, identifying new and emerging risks, and sharing best practice.

As with LACAN, the West of England Chief Internal Auditors (WOECIA) Group provides another opportunity for experiences and knowledge to be shared and developed.

## Website and internet presence

We maintain an effective [website](#) to communicate our services to our customers. The website has been designed to be user friendly and provide a good introduction to the services we provide and how we can assist our clients. The website does not go into the detail of our services, as these need to be tailored to client needs, and so we ask clients, partners and potential clients to contact us so that services can be discussed that meet specific needs and requirements.

<https://www.devonaudit.gov.uk>

Customer interaction and feedback is crucial to us in developing our services; the website provides avenues for clients, customers and service users, to express their views and let us know what we are doing well and what could be improved.

<http://www.devonaudit.gov.uk/why-choose-dap/customer-satisfaction/>

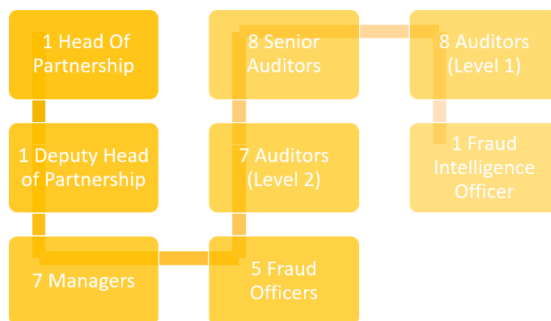
# Our People

## Age profile

As an organisation we continue to age ! In the period 2010 to 2019 we were required to make considerable year on year savings for our founding Partners. Whilst we were able to increase income from new partners and other clients, there was still a downward pressure on our funding. As a result, when staff left during this period there was a conscious decision made that, in most cases, posts were not re-advertised. Therefore, only a limited number of new employees joined in the last decade, resulting in our age profile increasing.

Since 2020 funding has become more secure, but we are seeing (and are anticipating) that a number of staff will retire in the next five years – in 2021 four staff have retired. These staff are at all levels in DAP, although (as would be expected) a higher percentage are at senior levels.

The need for new staff – succession planning



We therefore recognise that staff turnover will increase, and we will need to replace a number of staff in the next five years. It is important to recognise that the main employer of audit staff in the Devon area is DAP – there are a limited number of other organisations where staff are employed in an audit position and who may seek a change (promotion) by working with us. Therefore, we need to recognise that we need to a larger extent “grow our own”. For this reason, we are looking to further develop our recruitment of apprentices; we recognise that such individuals are at the outset of their careers and may decide, over time, to move to other service areas. However, we also recognise that such apprentices will bring new skills and approaches and will help us further develop our skills base.

We are not alone in our search for new talent replace retiring staff; we will look to work with other large Assurance providers in the area (e.g. SWAP, Audit South West and Audit West) for effective solutions to this issue – no options will be ruled out at this stage, and indeed, ideas such as an “assurance academy” will be useful to explore.

## Assurance experts

The current set up for the Partnership provides for three key specialisms: Internal Audit, Counter Fraud and Risk Management. Whilst the specific skills in each discipline are fully appreciated and recognised, we will look for a greater level of integration over the three areas. This will lead to a greater level of skill and knowledge by all staff and will allow our managers greater ability to manage and control, resources, allocating additional resources in a certain discipline if this is needed. We will consider if our job descriptions need to be updated to support this.

## New skills needed

As stated earlier in this document we foresee the need for greater assurance work in the areas of Climate change and environmental sustainability, and Digital disruption, new technology and AI. We will work with our staff (existing and new) to ensure that they have the knowledge and tools to enable us to provide assurance in these key areas. In particular, we will look to offer new apprenticeship schemes in the areas of cyber security and data analysis to ensure that we can bring new ideas and learning into the partnership in these crucial areas.

# Delivering this plan

## Personnel Plan

We constantly need to ensure we have the right resources to deliver our plans. We are acutely aware of the temporary nature of some of our work, and the fact that contracts do come to an end and change; as a consequence there is a constant need to ensure the right balance between permanent and temporary staff to meet our needs and clients' requirements.

We need to ensure that our staff have the correct skills to deliver our services and feel that Devon Audit Partnership is their business. We are currently reviewing our working arrangements in line with the Investors in People standard, to ensure that we engage with and develop our staff in an effective and valuing way.

## Risk Management

### Risk Profile

Devon Audit Partnership as an entity, is considered a “low” risk organisation; the main “risk” to the Partnership lies in the non-delivery of professional assurance services to our partners and clients. The Partnership is hosted by Devon County Council, and so risks around cash flow, invoice payment and income collection are mitigated by the support provided by our host.

### Risk Assessment

Our risk register is considered, reviewed and updated on a regular basis. Readers of this business plan should be aware that, as a live document, the risk register is constantly changing. Readers are requested to contact DAP management for a copy of the most recent risk register if this is required. For information purposes only, the risk register as at October 2020 can be found [here](#).

## Monitoring of the Business Plan

### Partnership Development

The management team are committed to the ongoing development of the Partnership. The Partnership has many aspects (finance, staff, products, our partners and clients, technology etc.) and these all need to be developed. We are conscious that all aspects of our service must represent “excellence” and so a detailed Quality Assurance and Improvement Plan (our development plan) is in place to identify development opportunities and to monitor progress against these.

As would be expected, the development plan is constantly being updated to reflect new developments; we present our development plan yearly to the [Partnership committee](#) (a copy of our Development Plan is available on request).

# Contact Details

For further information about the Partnership, our services and products or how we could help you with your audit needs, please contact:



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# Support, Assurance and Innovation

