



devon **audit** partnership

Internal Audit

Progress Report – April 2016  
to October 2016

Partnership Committee

November 2016



Auditing for achievement

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## Devon Audit Partnership

The Devon Audit Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay and Devon councils. We aim to be recognised as a high quality internal audit service in the public sector. We work with our partners by providing a professional internal audit service that will assist them in meeting their challenges, managing their risks and achieving their goals. In carrying out our work we are required to comply with the Public Sector Internal Audit Standards along with other best practice and professional standards.

The Partnership is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on our service, processes or standards, the Head of Partnership would be pleased to receive them at [robert.hutchins@devonaudit.gov.uk](mailto:robert.hutchins@devonaudit.gov.uk).

## Confidentiality and Disclosure Clause

This report is protectively marked in accordance with the National Protective Marking Scheme. It is accepted that issues raised may well need to be discussed with other officers within the Council, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation's disclosure policies.

This report is prepared for the organisation's use. We can take no responsibility to any third party for any reliance they might place upon it.

## Report of the Head of Audit Partnership

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

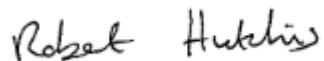
**Recommendation:** that the Committee notes the current status of the Partnership and current issues.

### Devon Audit Partnership Progress made since April 2016

In June 2016 the Management Board and Partnership Committee gave their approval for a continuation of the Partnership for a further seven years, with a review after five years. This is a welcome vote of confidence in the work of the Partnership and will give us the stability and confidence to press forward with our plans to further develop the Partnership, improve quality and efficiency, and grow our client base.

We realise that all our partners, and indeed the wider public sector, are facing considerable budget challenges and that funding for internal audit is under scrutiny. We know that we must not only provide assurance in times of considerable change, but also add value and help organisations safely and effectively transform their services. We will plan our work so that we can provide that much needed independent assurance that risks are being managed and that organisations can continue to deliver "service as normal" to their customers.

We continue to monitor the quality of our service and our cost effectiveness. The results from the CIPFA benchmarking exercise confirm that our costs are slightly below average, and that our productivity remains high.



Robert Hutchins  
Head of Devon Audit Partnership  
November 2016

## Partnership Membership and Client Development

### Torrige District Council

Torrige have joined the Partnership as a non-voting member for 2016/17. We very much value working with Torrige colleagues and trust that we will be able to deliver an effective service in this and coming years. It is hoped that Torrige will look to become a member of the Partnership in future years.

### Academies

Since April we have secured internal audit services for three more academies:-

- Genesis Academy Trust;
- Kingsteignton Free School;
- John Kryle High School.

In addition, the Learning Academy Partnership (Torbay based) currently has 4 schools, however, they are expanding to 7 schools: We recently provided a quote to LAP is based on 7 schools.

### Isles of Scilly

We submitted a bid to the Council of the Isles of Scilly for internal audit services for a five year period commencing 2016/17. We were disappointed to be informed that our bid was slightly more than the winning submission (£1.5k over the five year period) and as a consequence we were unsuccessful with our proposal. However, we have, through the process, developed contacts and it may be that we will be able to support the organisation in other ways in the future.

## 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 from customers who agreed that we have achieved this aim.

Integrated Health and Social Care,  
October 2016

“How refreshing it was to see an internal audit team who were not only obviously well-schooled in the art of audit but also able to offer frank and honest views.....I found the meeting very open, frank and certainly added value – it gave another independent view of what we are trying to achieve”.

Risk Management, April  
2016

“Thank you very much for another excellent report, especially given the tight timescale, much appreciated. Really useful to have your independent view

Information Governance, April  
2016

The audit was delivered with complete professionalism backed by a high level of subject knowledge and an evident passion and commitment to improving our information governance resilience. Very much a partnership effort and the auditors understanding of our agenda and the key areas for improvement that will elicit maximum added value was very welcome and constructive at all times.

All the findings and recommendations were very balanced and constructive ....and delivery of the resultant action plans have added value as these will be key to the achievement of improved information governance resilience for the Council.

ACS Extra care housing, May 2016

It was particularly positive in that the team provided us with support with an external provider when we raised a concern and requested input. Their expertise, approach and support were extremely helpful.

The audit added value by providing additional capacity in terms of our skill set and made positive suggestions for service improvement”.

QMS system, June 2016

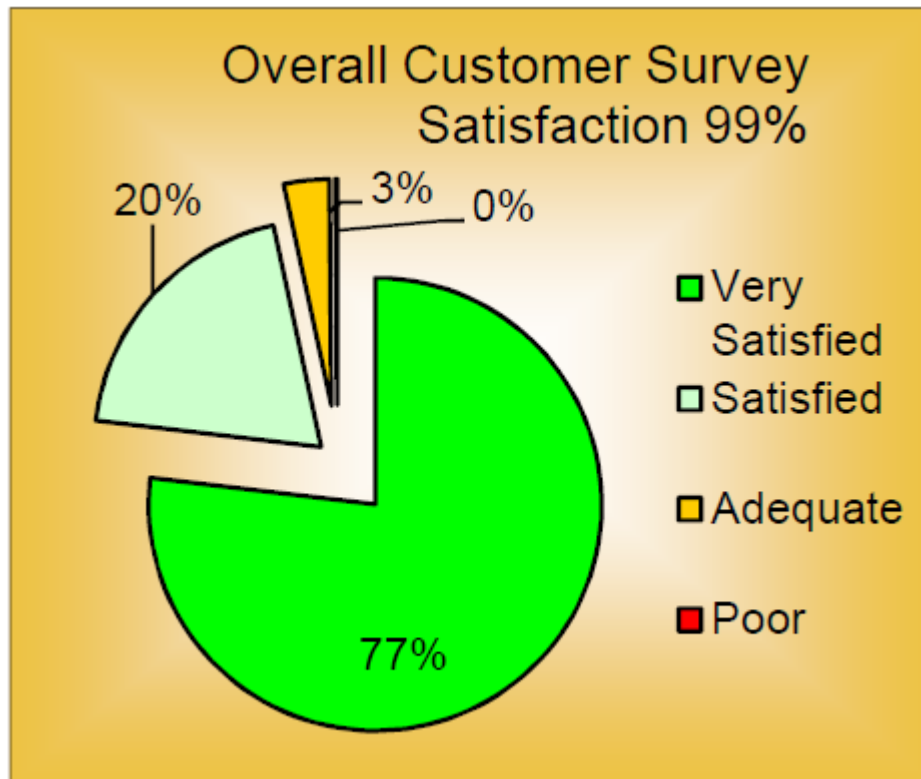
I was pleasantly surprised how thorough the audit was. I can confirm that the auditor had taken the time to look through all our shared procedures and came to the audit well prepared. Delighted with the result.

I would have no hesitation in using DAP again.. I would personally like to thank the auditor for his help and professionalism in undertaking the audit. Thank you very much.

Academies, June 2016

“We found the constructive dialogue which enabled us to manage risks appropriately particularly helpful. The audit was able to add value to us by offering alternative approaches and examples of best practice. It was a very positive customer experience with thorough reviews of the areas identified accompanied by constructive dialogue to improve our processes”.

## Customer Service Excellence (CSE)



As mentioned in previous reports, we issue client survey forms with all our final reports.

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.

### Customer Testimony.

Some examples of customer testimony are shown below:-

"The Auditor is always very helpful and offers suggestions on how to improve systems".

"We have a good working relationship with the auditor who is always very helpful and not only gives us assurance but also helps to form policy and procedures which will assist us in being compliant with all aspects of audit review".

"We found the constructive dialogue which enabled us to manage risks appropriately particularly helpful. It was a very positive customer experience with thorough reviews of the areas identified accompanied by constructive dialogue to improve our processes".

"I always find DAP staff most engaging and helpful, in particular as a sounding board for ad-hoc issues".

"I found the auditor to be attentive, friendly in his approach and very professional".

## DAP Development

### Lean

We have always provided a high quality service to our clients, but recent budget reductions have required us to reconsider our processes to ensure that we operate in efficient manner. We invited James Paterson to work with us, look at our ways of working from a LEAN perspective, and help us focus on those key areas where we could make real improvement, both for us, as an audit team, and for our customers.

James worked closely with one of our sub teams, getting to the root causes of our concerns, and then facilitated a workshop day for the whole partnership where we explored the issues and came up with agreed ways forward.

We have developed a series of "quick wins" that will be implemented in the coming weeks and months, and have identified longer term actions that will ensure we continue to be efficient, effective and provide a quality service.

### PSIAS review

The PSIAS (Public Sector Internal Audit Standards) require that internal audit teams undertake an assessment process once every five years. Our last review was completed in Oct 2016 by Helen Maneuf, Head of Assurance for Hertfordshire Shared Internal Audit Service (SIAS). Helen concluded that;

"DAP is considered to be operating in conformance with the IIA standards. The service has established a strong reputation with its clients and recent structural changes are proving beneficial. There are opportunities to further develop the business to ensure DAP is strongly placed to progress and to deliver its vision".

Helen has since moved on to a new role, but Terry Barnett, Helen's successor at SIAS has agreed to undertake our review in December. The process is "self evaluation with external verification". We will produce our own self assessment, supported by documents and evidence, and provide this to Terry for him to review.

The process requires that the assessor speaks to a wide range of staff and other contacts about what DAP do to confirm that our processes and expectations are working in practice.

## Partner Development

### Regional training for Audit Committees

Following on from our successful joint training with our colleagues at the South West Audit Partnership (SWAP) last year, we have provided two training sessions for senior management and audit committee members. The events took place at Buckfast Abbey and Sparkford, near Yeovil.

The focus of the event was on the Future of Audit Assurance and was delivered by speakers from DAP, SWAP, Grant Thornton and the S151 officer of Weymouth and Portland BC.

The events attracted **71** members representing **29** different public sector organisations. The event gave delegates the opportunity to mix, share experiences and to understand how similar organisations are addressing similar risks and challenges. The event covered a wide range of topics including

- Role & effectiveness of the Audit Committee
- Tone at the Top – culture and Ethics
- Changes to the Annual Governance Statement
- Brexit – threats and opportunities
- Transformational Change

## Staffing Update

### Staff Training Programme

We continue to invest an appropriate percentage of our budget in the development of staff (and in line with the CIPFA benchmark average); we have recognised that, whilst the overall audit budget continues to reduce, the need for high quality assurance services does not. Indeed, with the increasing challenges and complexity facing local government and other public sector services, the need for well trained, motivated and versatile audit staff has never been higher.

In respect of our training programme:-

- 2 staff have recently passed all their exams, completed and submitted their logs of experience and have been granted membership of the IIA.
- 1 member of staff has completed all five exams and has started work on their experience log
- 1 member of staff has completed 2 exams and continues with her studies.

As two staff have now finished their training, we will be looking to support other staff members as they continue their careers in internal audit.

Staff training needs are identified from staff appraisals and regular 1 to 1 sessions with managers. We are fortunate to be able to access training from our host (Devon CC) for a number of training needs (e.g. use of Microsoft products, diversity awareness, customer care, interview skills etc.). Some senior staff have also recently qualified in Institute of Leadership and Management level 7 (ILM7).

Every nine months or so we have staff development day; this is an opportunity for all DAP staff to come together and learn of issues and challenges that will affect the team and the clients we serve in the coming twelve months. As stated above, in September we met at the Kenn Centre with the main topic of the day being how we operate in a LEAN way.

Staff are encouraged to attend courses and seminars that develop their audit skills, develop skills for the partnership and also further develop network opportunities. Events attended over the first six months of the year have included:-

- IIA Annual conference
- Fraud Awareness
- Organisational Risk Management
- Challenges in Health and Social Care



## Internal Audit Performance

Our analysis of performance for the first six months of 2016/17 indicates that, overall, performance is generally in line with expectations. 38.3% of planned audit assignments have been commenced (against a target of 45%) This is slightly below our target, but is partly due to a number of reviews of, for example, transformational projects, having a longer audit involvement period. We remain confident that we will be able to achieve our 90% year end target figure.

Customer satisfaction levels remain very high at 97% across the partnership. A breakdown of performance across all partners is shown in Appendix A.

Devon Audit Partnership - Performance monitoring 2016/17 - Six month performance (end of Sept 2016) Inc. Schools					
Local Performance Indicator (LPI)	Full year Target	6 mth Target	Quarter 2 2016/17	Quarter 2 2015/16	Direction of Travel (where applicable)
Percentage of Audit plan Completed	90%	45%	38.3%	39.23%	↔
Percentage of chargeable time	65%	65%	66.7%	67.28%	↔
Customer Satisfaction - % satisfied or very satisfied as per feedback forms	90%	90%	97%	99.00%	↔
Draft Reports produced within target number of days (currently 15 days)	90%	90%	88%	73.53%	↑
Final reports produced within target number of days (currently 10 days)	90%	90%	98%	94.13%	↑
Average level of sickness absence	2%	2%	5.64%	2.12%	↓
Percentage of staff turnover	5%	5%	17% (three leavers, one apprentice started, one person on secondments to another role)	6% (two people currently on secondments to other roles)	↓
Out-turn within budget	Yes	Yes	Projecting small overspend (£2k)	Projecting small overspend (£7k)	↓

Sickness in the first part of 2016/17 has been high at 198 days or 5.64% of available time; equates to around 6.5 days per FTE.

One employee has recently returned from long term sickness on a phased return basis. We trust that this employee will be able to work up their hours in the coming weeks and will soon be working back at full speed.

Another employee suffered a fall resulting in knee and hip problems, but is now back at work, and another employee had a sinus operation.

Excluding the above episodes, DAP sickness in the period has been 45 days, or 1.5 days per FTE.

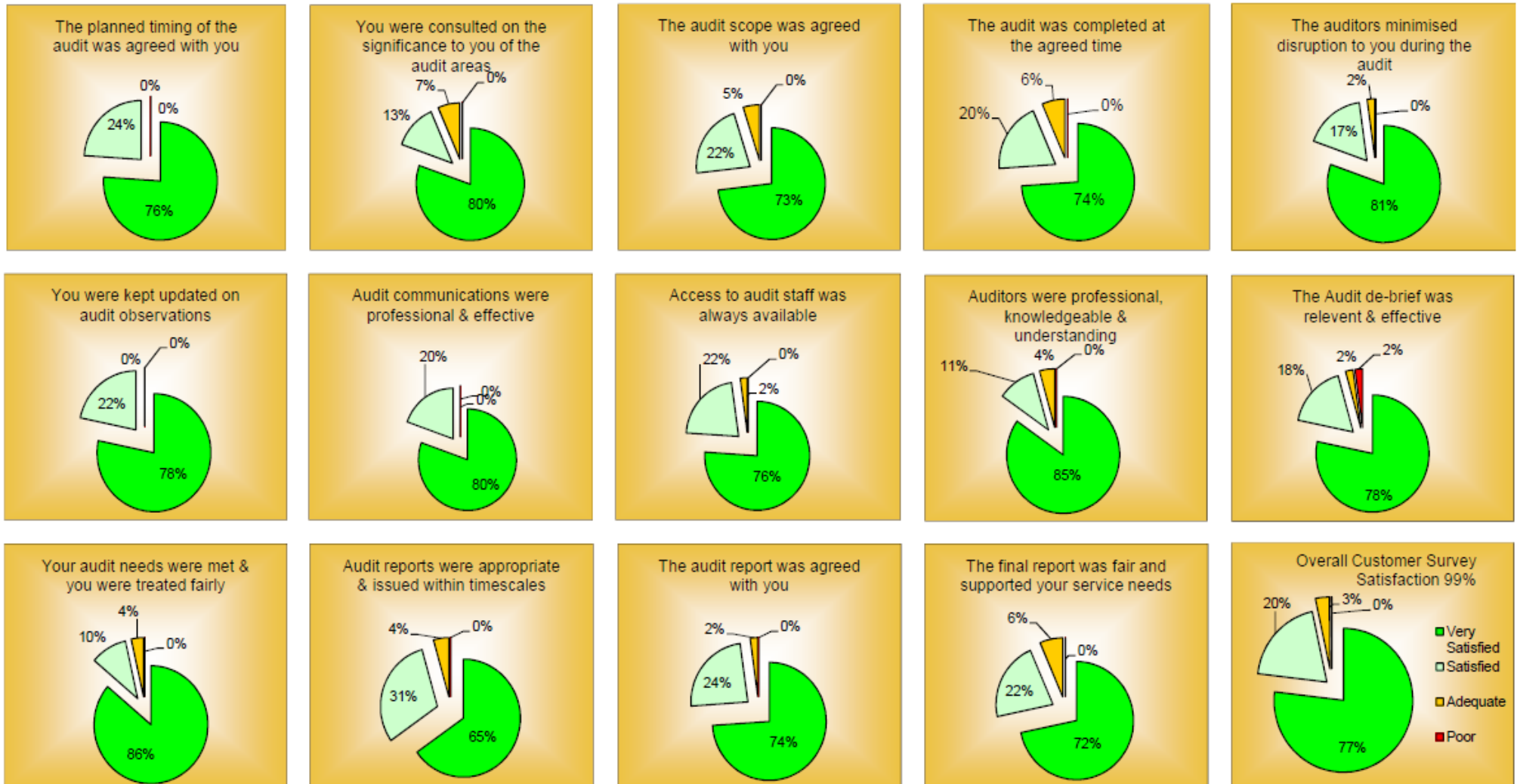
As always, we are work with staff to ensure that attendance at work is maximised; the assistance of HR support organisations such as Wellbeing @ work also assist us.

We recently asked HR colleagues to provide detailed absence management training for managers and expect that this will ensure all episodes are dealt with consistently and in line with the DCC managing absence arrangements.

# Appendix 1 - Customer Service Excellence

## Customer Survey Results April - October 2016

The charts below show a summary of 46 responses received.



## Appendix 2 – Local Performance Indicators to be completed.

### Breakdown of Performance by Client – Q2 2016/17

<i>Local Performance Indicator (LPI)</i>			
	<b>Plymouth %</b>	<b>Torbay %</b>	<b>Devon %</b>
Percentage of Audit plan Completed	40.8	39.3	34.8
Percentage of Audit Days delivered	39.8	53.3	50.1
Percentage of chargeable time	67.8	64.2	66.9
Customer Satisfaction - % satisfied or very satisfied as per feedback forms	97	97	96
Draft Reports produced within target number of days (currently 15 days)	98.1	76.5	88.5
Final reports produced within target number of days (currently 10 days)	97.6	100	97.5