

Internal Audit

Half Year Report 2016/17

Devon County Council
Audit Committee

November 2016

Not Protectively Marked



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.

Confidentiality and Disclosure Clause

This report is protectively marked in accordance with the government security classifications. 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.

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Introduction

The Audit Committee, under its Terms of Reference contained in Devon County Council's Constitution, is required to consider the Chief Internal Auditor's audit reports, to monitor and review the internal audit programme and findings, and to monitor the progress and performance of Internal Audit.

The Accounts and Audit (Amendment) (England) Regulations 2006 introduced the requirement that all Authorities need to carry out an annual review of the effectiveness of their internal audit system, and need to incorporate the results of that review into their Annual Governance Statement (AGS), published with the annual Statement of Accounts.

The Internal Audit plan for 2016/17 was presented to and approved by the Audit Committee in March 2016. The following report and appendices set out the current position of the audit service provision; reviews work undertaken to date in 2016/17 and provides an opinion on the overall adequacy and effectiveness of the Authority's internal control environment.

The Public Sector Internal Audit Standards require the Head of Internal Audit to provide a report providing an opinion that can be used by the organisation to inform its governance statement. This report provides a position statement at half year on the progress towards that opinion.

Expectations of the Audit Committee from this half year report

Audit Committee members are requested to consider the;

- assurance statement within this report;
- completion of audit work against the plan;
- scope and ability of audit to complete the audit work;
- progress impact against strategic aims;
- audit coverage and findings provided;
- overall performance and customer satisfaction on audit delivery.

In review of the above the Audit Committee are required to consider the assurance provided alongside that of the Executive, Corporate Risk Management and external assurance including that of the External Auditor as part of the Governance Framework and satisfy themselves from this assurance that the internal control framework continues to be maintained.

Robert Hutchins
Head of Audit Partnership

Assurance Statement

Overall, based on work performed during 2016/17 and our experience from the current year progress and previous years audit, the Head of Internal Audit's Opinion is of "Significant Assurance" on the adequacy and effectiveness of the Authority's internal control framework.

This assurance statement is in line with the definitions below and will provide Members with an indication of the direction of travel for their consideration for the Annual Governance Statement.

The Authority's internal audit plan for the current year includes specific assurance, risk, governance and value added reviews which, together with prior years audit work, provide a framework and background within which we are able to assess the Authority's control environment. These reviews have informed the Head of Internal Audit's Opinion on the internal control framework.

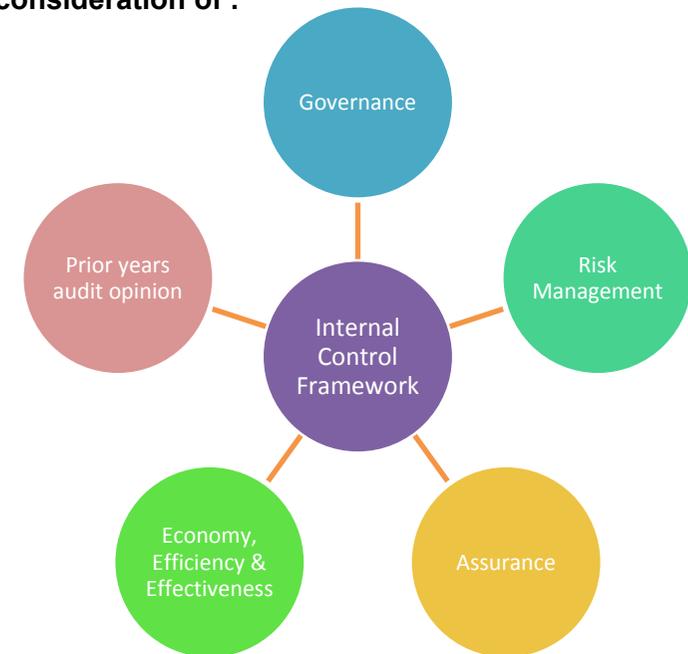
Heads of Service have been provided with details of Internal Audit's opinion on each audit review carried out in 2016/17 to date. If significant weaknesses have been identified in specific areas, these will need to be considered by the Authority in preparing its Annual Governance Statement later in the year when preparing the Statement of Accounts for 2016/17.

In carrying out systems and other reviews, Internal Audit assesses whether key, and other, controls are operating satisfactorily within the area under review, and an opinion on the adequacy of controls is provided to management as part of the audit report. All final audit reports include an action plan which identifies responsible officers, and target dates, to address control issues identified during a review. Implementation of action plans rests with management and are reviewed during subsequent audits or as part of a specific follow-up process.

Generally, our work has not been adversely affected by planned changes during the first six months. There have been no significant changes made to the Corporate Services, People, Public Health and Place plans to date.

As in 2015/16 the level of irregularity work has remained high and this has had an impact on the overall completion of the plan. Although this has had an impact on the planned assurance work, we feel, based on previous year's work, that the framework of control remains in operation.

This statement of opinion is underpinned by our consideration of :



| | |
|------------------------------|--|
| Full Assurance | Risk management arrangements are properly established, effective and fully embedded, aligned to the risk appetite of the organisation. The systems and control framework mitigate exposure to risks identified & are being consistently applied in the areas reviewed. |
| Significant Assurance | Risk management and the system of internal control are generally sound and designed to meet the organisation's objectives. However, some weaknesses in design and / or inconsistent application of controls do not mitigate all risks identified, putting the achievement of particular objectives at risk. |
| Limited Assurance | Inadequate risk management arrangements and weaknesses in design, and / or inconsistent application of controls put the achievement of the organisation's objectives at risk in a number of areas reviewed. |
| No Assurance | Risks are not mitigated and weaknesses in control, and /or consistent non-compliance with controls could result / has resulted in failure to achieve the organisation's objectives in the areas reviewed, to the extent that the resources of the Council may be at risk, and the ability to deliver the services may be adversely affected. |

Progress Against Plan

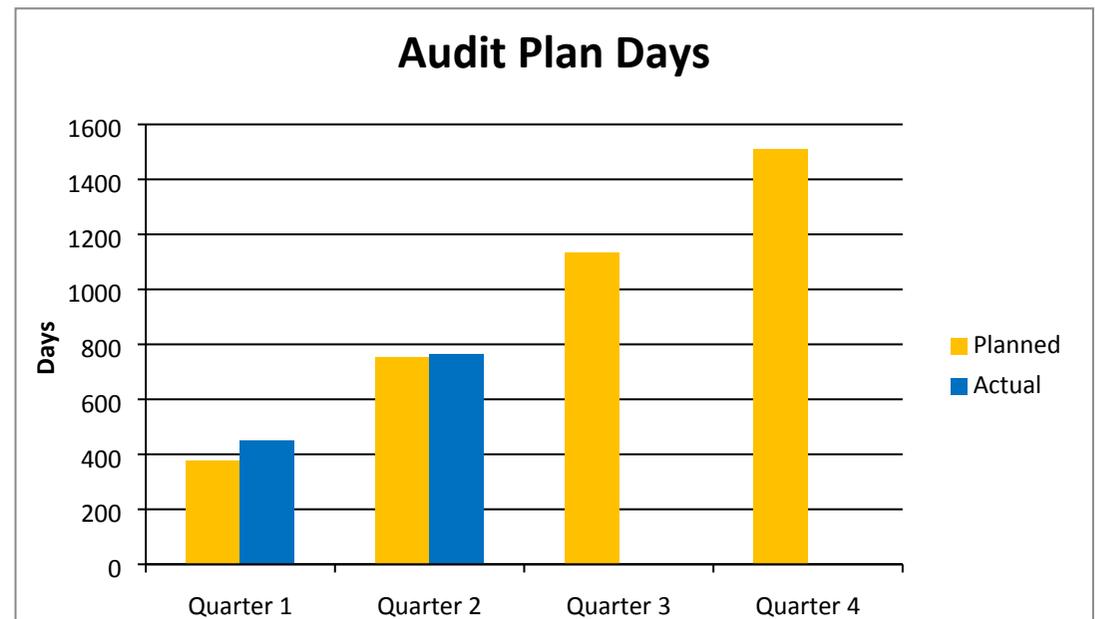
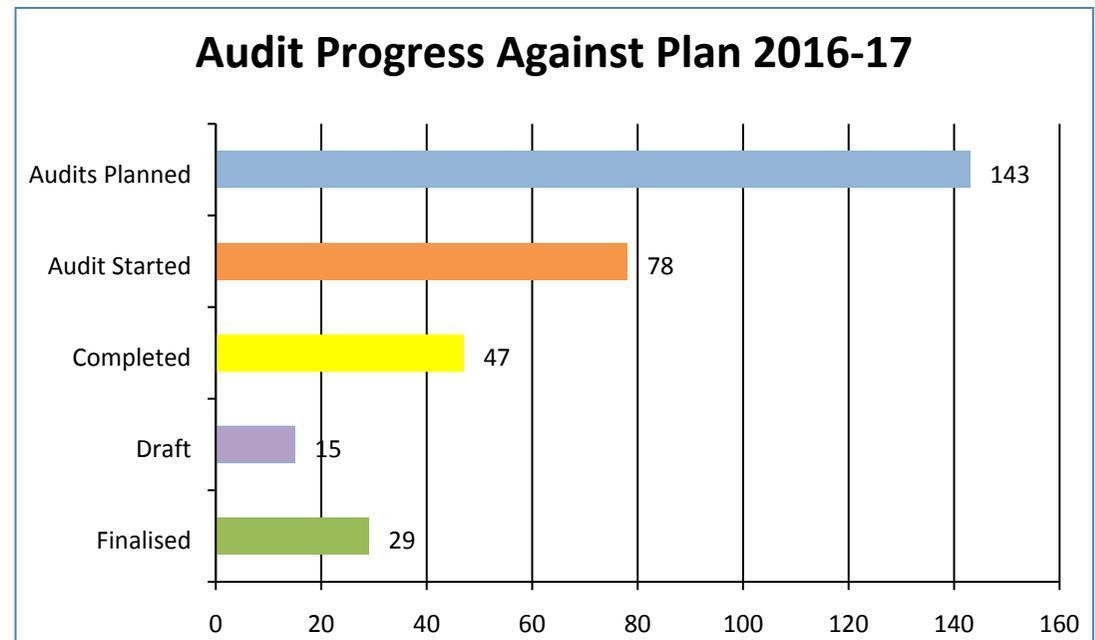
This report compares the work carried out with the work that was planned through risk assessment, presents a summary of the audit work undertaken, includes an opinion on the adequacy and effectiveness of the Authority's internal control environment and summarises the performance of the Internal Audit function against its performance measures and other criteria. The report outlines the level of assurance that we are able to provide, based on the internal audit work completed during the year. It gives:

- a comparison of internal audit activity during the year with that planned, placed in the context of internal audit need;
- a summary of significant fraud and irregularity investigations carried out during the year and anti-fraud arrangements; and
- a statement on the effectiveness of the system of internal control in meeting the Council's objectives.

The extent to which our work has been affected by changes to audit plans has not been notable during the first six months of the year. The level of irregularity work has been greater than planned and the need for this investigation work has had an impact on the overall completion of the plan. Additionally, as in 2015/16, work undertaken has continued to involve responding to Safeguarding Alerts concerning allegations of financial abuse against vulnerable adults; such work does significantly impact upon the agreed plan. The progress chart includes other audit work and performance reports issued in addition to the planned audits.

The bar charts right show the status of audit progress against plan and audit the days delivered against target planned. The charts demonstrate that progress is largely in line with expectations and that the number of audit days delivered has exceeded that planned.

Appendix 2 provides further performance information for the first six months of 2016/17.



Progress Impact Assessment

Our audits completed to date this year, in the majority of areas, provide assurance that identified risks are being minimised or mitigated where appropriate. Progress impact assessments are detailed below by service area highlighting developmental areas. The overall audit assurance will have to be considered in light of these positions.

Corporate

Our earlier follow up report in relation to Payroll confirmed that steps have now been established to address the main weakness in the payroll control environment.

Internal Audit continues to perform work around the CareFirst business solution, following up on the findings of the 2015/16 audit report. Work is also planned to assess if the full value of the new ICT Commissioning Service is being realised; operating as a key enabler for delivering transformational change and strategic plans, including "One Plan".

Internal Audit continues to provide advice and support during the implementation of new business solutions.

The effect on VAT of inconsistent holding of formal partnership agreement documentation is being considered by the Tax Compliance Forum. The absence of these agreements may have wider impacts to the Authority.

Absence management reporting controls are insufficient, and therefore at present absence may not always be accurately recorded or associated pay adjustments made correctly.

The policy for the engagement of consultants continues not to be followed and the Council does not currently have adequate policing arrangements in place to resolve this non-compliance; as such engagement of consultants may not ensure best value is achieved.

Following the appointment of a new contractor for the Highways Maintenance contract, Audit will continue its involvement with the HM17 project, providing challenge, advice and best practice guidance as the Council moves through the mobilisation phase ahead of service commencement in April 2017.

The Council continues to develop its risk management framework. We are aware that this is not embedded in some areas; the framework and consistency of application will be subject to review in the coming half year.

Place

We have undertaken assurance audits on the existing Highways TMC Pay Mechanism, On Street Parking Benefits Realisation and Syrian Vulnerable Persons Scheme. The first was assessed as High Standard and the latter two were Good Standard.

We have three levels of audit input to support highways management in the 2016/17 plan: attendance at the monthly meetings for the existing Highways TMC contract; the assurance audit on the current payment mechanism; and we have supported the tendering process for the new 2017 Highways contract.

Our engagement in the evaluation and moderation of the bids for the new Highways Maintenance contract has proved beneficial to ensure that a consistent and fair approach was followed throughout. We will continue to provide challenge, advice and best practice guidance during the mobilisation of the new contract, due to commence in 2017, working with officers to ensure that the transition from the current contractor to their successor is as seamless as possible.

We have also continued supporting the Corporate Risk Management arrangements through attending the CRMG meetings, through risk facilitation work being undertaken in quarter 3 with several teams and there will be an audit of Risk Management across the Authority in quarter 4.

Overall, progress against plan is on schedule with one audit delayed from quarter two but this has already been scheduled in alongside quarter three work and the plan will be on schedule by December.

People

As has been the case in previous years Audit has been requested to undertake work in connection with the safeguarding of vulnerable adults. The audit review undertaken dovetailed in with social care professionals assessing residents' mental capacity and the subsequent reporting of findings to ongoing safeguarding case conferences. The results from this work linked to CQC findings in their recently published report upon the provider. A freeze upon further placements to the provider being in place and significant works required to resolve this situation.

Work continues upon the DILIS procurement exercise and this should reach completion in the near future. Work undertaken by DAP has ensured

provision of independent assurance across key aspects of the process for consistency of assessment and moderation of tender evaluation.

DAP has met with the new Chief Officer for Children's Services and a change has been made to the original audit plan (in connection with Children's Social Work & Child Protection) approved by Audit Committee. Changes in plan at client request along with greater depth of audit briefs and subsequent scope of work required vary the days envisaged available.

New work requests have a significant impact on our ability to complete the plan, and revision will be required to ensure the higher risk areas are covered, with audits of lower priority being rescheduled to a later year

Public Health

The 2016/17 agreed audit within Public Health is scheduled to be undertaken in the second half of the financial year.

Value Added

Our internal audit activity has added value to the organisation and its stakeholders by:

- providing objective and relevant assurance;
- contributing to the effectiveness and efficiency of the governance, risk management and internal control processes.

Senior Management has found our engagement, support as a "trusted advisor" effective and constructive in these significantly changing times.

Our work has identified specific added value benefits in key areas and in mitigating key risks. Notable benefits have been reported in the following :

Corporate

- ongoing involvement in HR / Payroll system development projects ensuring that control issues are highlighted and resolved before implementation;
- on-going ad hoc advice provided to HR / Payroll relating to internal process controls, outside of system development projects;
- ICT Service Strategy Plan – direction of travel for new model;
- reviewing the tender evaluation processes for significant contracts within Place and People;
- undertaking a benchmarking exercise and research into the provision of blue badge services by other Local Authorities, in particular how the

appeals process was managed and if mobility assessments were conducted "in-house" or by a 3rd party.

- supporting the Corporate Risk Management Group (CRMG) in developing, benchmarking and embedding the Council's risk management approach;

Place

- continued to provide support, advice and challenge relating to the South West Devon Waste Partnership to ensure that the County Council's interests are protected;
- continued support and advice through audit presence on the Devon Highways TMC Cost Monitoring Board.
- Audit's participation in the Highways Maintenance (HM17) project, including involvement in the design of the evaluation process, the checking of key documents and the monitoring of the moderation process has contributed to ensuring that the final outcome has been reached correctly by following best practice and the processes published in the tender documentation. This, in turn, has assisted in mitigating the risk of successful challenge by unsuccessful bidders;
- continued support and advice through audit presence on the Risk Management Group.

People

- reviewing the tender evaluation process for a significant contract within People reviewing documents and models sent out to bidders.

Schools

The Partnership is supporting the School information "Dashboard" process to provide the internal audit view of the financial management of individual schools based on the most recent audit visit. The provision of internal audit's performance data provides a greater focus on schools causing concern in the wider control environment. This information is used in assessing overall status for schools through FIPS, vulnerable budget reviews and school improvement. The result of our input has been:

- follow-up reviews at 5 schools;
- intervention information and review of schools by Governor Support and School Improvement.

The culmination of this work should, once complete, lift the performance of these schools.

Executive Summary - Audit findings

Corporate Services

In our opinion, and based upon our audit work completed in this and previous years, 'trusted partner' and direct advice provided for on-going projects, we are able to report that internal controls continue to operate effectively and where recommendations for improvements have been made, action plans have been agreed with management.

Based on audits completed and on indications from previous and on-going work, we are able to report that material systems controls have either been maintained, or improvements are being made to address previously identified weaknesses. Whilst a number of weaknesses exist, management are aware of these issues, and have either accepted the related risk, or are taking action to address them.

Audit resources will continue to support ICT in aligning service delivery processes with ITIL best practice and the development of the new commissioning model.

No significant concerns have been identified from our work, including that on grants, and management have responded positively to any recommendations for improvement. The Appendix 1 details the assurance opinions for individual audits for which the definitions of the assurance opinion ratings are given in Appendix 4.

Key Risks / Issues

Changes were made at the end of last year to the material system control framework, including the introduction of a new accounts payable system, and changes to budget monitoring arrangements. Our audit work later in the year will review the impact of these changes on the overall effectiveness of the control environment.

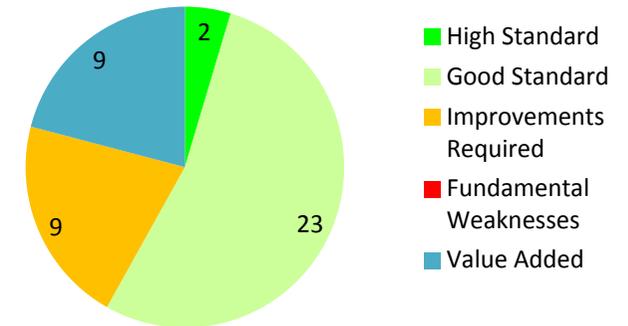
The effect on VAT of an inconsistent holding of formal partnership agreement documentation is being considered by the Tax Compliance Forum.

The unrestricted access to on-line absence forms without an automated approval process may lead to incorrect pay adjustments and also non-compliance with HMRC expectations.

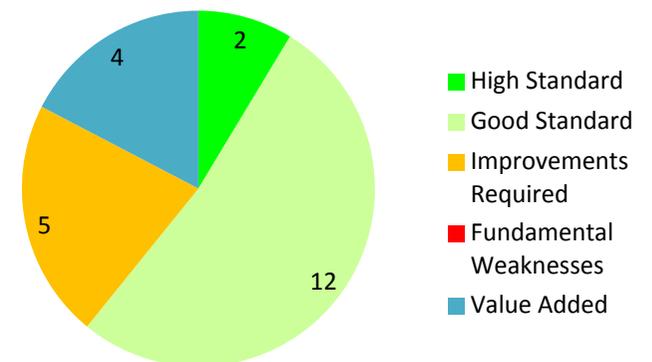
A continued non-compliance with Policy for engaging consultants and interim managers leaves the Authority vulnerable to potential allegations of nepotism and poor achievement of value. Work remains underway to address issues identified.

Issues over information governance of personnel records were identified for agency social workers. New processes will provide managers with clear guidance for the future and checks are being completed to ensure that this is not a wider problem. The Information Commissioner is satisfied with remedial measures agreed.

Assurance Opinions 2015/16



Assurance Opinions Apr - Sept 2016/17



Place

In our opinion, and based upon our audit work completed during 2016/17, 'watching briefs' and direct advice provided for on-going projects, we are able to report that internal controls continue to operate effectively and where recommendations for improvements have been made, action plans have been agreed with management.

We are pleased to be able to report high and good standards in audits undertaken to date. The Energy from Waste plant in North Yard, Plymouth officially became operational in September 2015 and Internal Audit have continued to work with the Project Executive and Contract team, providing support and challenge on contract management arrangements and the development of an audit and assurance plan.

DAP has provided support and challenge to those tasked with procuring the future Highways Maintenance contract jointly with Devon and Somerset County Councils. This involved the review of tender documentation, evaluation and pricing models prior to their issue to bidders and was followed by Audit being present at bid moderation sessions and conducted validation of evaluation scores, pricing models and "relative merits" prior to the selection of a preferred bidder and contract award, to ensure that a consistent and fair approach was followed throughout.

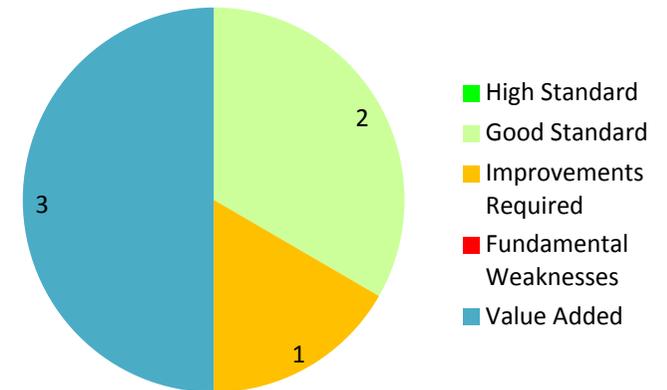
No significant concerns have been identified from our work and management have responded positively to our recommendations for improvement.

The Appendix 1 details the assurance opinions for individual audits for which the definitions of the assurance opinion ratings are given in Appendix 4.

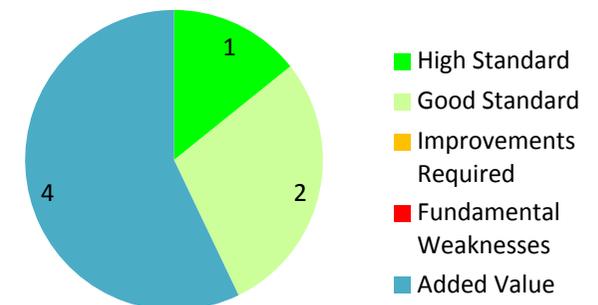
Key Risks / Issues

Following the appointment of a new contractor for the Highways Maintenance contract, the HM17 project has moved into the 6 months mobilisation phase ahead of service commencement in April 2017. A number of key work streams are actively working to ensure the smooth transition to the new provider. Audit will continue to provide challenge, advice and best practice guidance during this phase.

Assurance Opinions 2015/16



Assurance Opinions Apr - Sept 2016/17



People

In our opinion, and based upon our audit work completed we are able to report that internal controls continue to operate effectively and where recommendations for improvements have been made, action plans have been agreed with management.

Any concerns identified through our work leading to recommendations for improvement are responded to positively by management.

Appendix 1 details the assurance opinions for individual audits with work relating to 2015/16 audits finalised within the current financial year. Definitions of the assurance opinion ratings are given in Appendix 4.

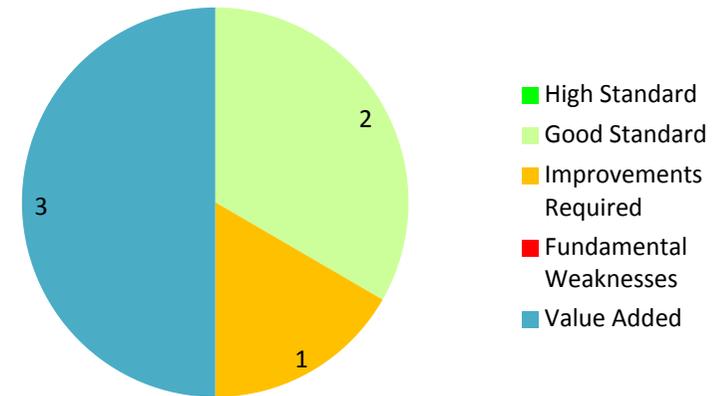
Key Risks / Issues

Audit continues to be involved in the review of a tender evaluation process where the award of a significant People contract was previously challenged both by an unsuccessful bidder along with counter challenge by the successful bidder. The process is nearing completion. DAP staff have attended evaluator training events and attended all bid evaluation sessions to ensure consistency and fairness. DAP staff will shortly attend the required software presentations and evaluations.

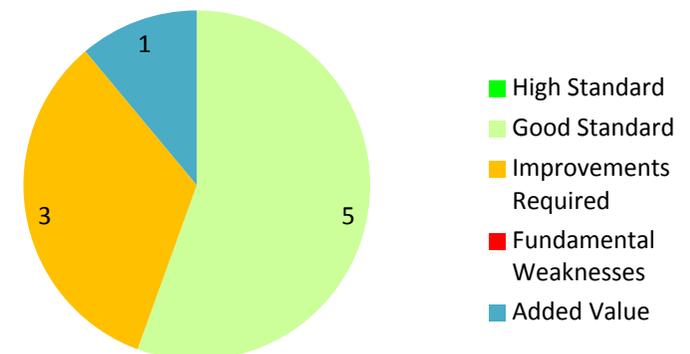
Poor safeguarding practice is a potential significant risk within this service area and Audit has again been asked to investigate a safeguarding scenario involving a large residential care home. Work undertaken has been lengthy, complex and involved. Following an initial visit to the residential care home the provider's business bank account was reviewed in an attempt to reconcile residents funds held through seeking to identify and verify all sources of income for each client over a twelve month period. Internal control procedures and timely transfer of client funds was found to be significantly poor.

The review of Residential Care Bandings found delays in undertaking annual assessments leading to bandings being uplifted and backdated without further recourse to Panel.

Assurance Opinions 2015/16



Assurance Opinions Apr - Sept 2016/17



Schools

We have made good progress in the delivery of our audit plan to schools and schools have again been very appreciative of the quality of our service. The requirements to meet the challenges through change to the SFVS are significant. We are focusing all of our effort to achieve the targets and support schools to the fullest of our ability.

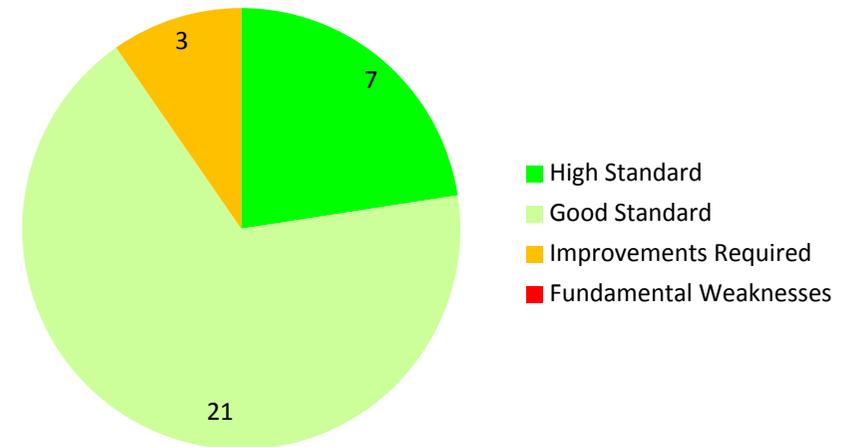
Good Standard - our opinion is that the systems and controls in schools mitigate the risks identified in many areas. Although specific risks have been identified on the core element of the audit review at some schools, recommendations have been made to reduce risks and in other areas and are made to strengthen what are reliable procedures. However, there are risks exposed in key areas which reduce overall assurance.

Key Risks / Issues

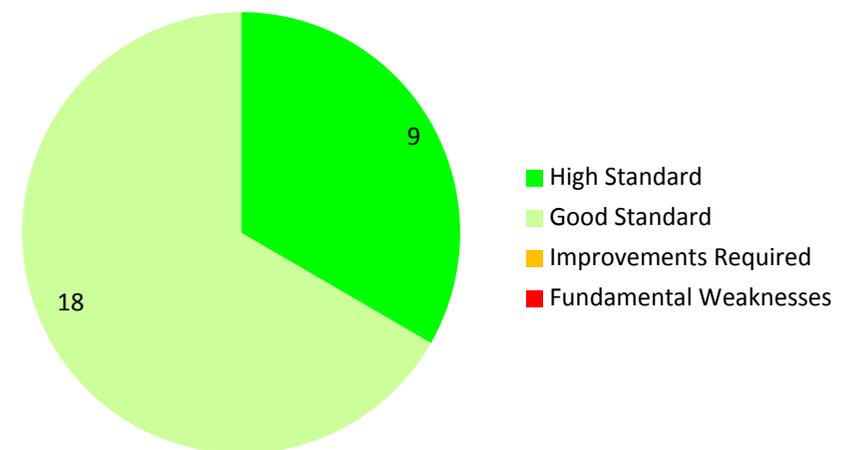
- understanding of financial management by governors as evidenced by the requirements of the Standard, skills assessment and absence of key business from meetings;
- demonstrable benchmarking & financing of plans for raising standards and attainment;
- business continuity planning;
- authorisation control over orders and payments
- inventories and asset management.

Recommendations have been made to reduce risks and in other areas, recommendations made serve to strengthen what are reasonably reliable procedures.

Assurance Opinions Apr - Sept 2015/16



Assurance Opinions Apr - Sept 2016/17



Fraud Prevention and Detection

Fraud Prevention and Detection and the National Fraud Initiative

Counter-fraud arrangements are a high priority for the Council and assist in the protection of public funds and accountability. Work coordinating the review of the data sets involved with the 2014/15 NFI exercise has concluded. This resulted in approximately £4,500 of duplicate creditor payments being identified and recovered, approximately £400 of VAT adjustments being made and a number of blue badges and concessionary travel passes have been cancelled.

Our focus has turned to supporting the 2016/17 NFI exercise. The appropriate statutory notification have been published e.g. via website, payslips. Arrangements were made with department contacts to extract the data from the Authority's systems at the end of September. DAP then uploaded these data sets to the NFI web application where they will be matched against other local authority data sets. DAP will then co-ordinate and lead the review of the data match reports when they are published later in the year.

Proactive anti-fraud work has been undertaken during the first six months of 2016/17. A Fraud Bulletin has been produced and published on DAP's website. 2015/16 accounts payable data has been reviewed to identify duplicate payments, a number of which have been referred to the Payments team for confirmation. This work is currently ongoing and will hopefully mean that NFI work will be easier as many of the matches will have already been reviewed.

Irregularities - In the first six months of 2016/17, Internal Audit has carried out or assisted in 15 investigations. Analysis of the types of investigation and the number undertaken shows the following:-

| Issue | Number |
|--------------------------|--------|
| Poor Procedures | 3 |
| Theft | 3 |
| Irregularity Advice | 3 |
| Theft from Service Users | 2 |

| Issue | Number |
|----------------------------|--------|
| Employee Conduct | 1 |
| IT-misuse | 1 |
| Misappropriation of income | 1 |
| Theft of IT equipment | 1 |

Our review of IT misuse of internet found there to be no evidence of an employee accessing the internet while working.

Thefts included a laptop and other IT equipment being stolen from an employee's home, missing monies from petty cash, thefts from service users via client suspense accounts in place at two care centres, theft of food and drink from a school canteen and the loss of residential trip monies at a primary school.

The case of employee conduct related to hire car charges for private use and DAP will look to review the processes and systems involved with car hire in order to clarify identified weaknesses and recommend improvements where appropriate.

Poor procedures involving the management of clients' monies in a private residential care home and the financial and administrative procedures at a day centre have been investigated, the latter stemmed from the identification of pre-signed timesheets. In both cases recommendations have been made to improve systems and procedures.

Claims made by an ex-employee that a school had misappropriated grant monies have been investigated. Unspent grant monies were found but no evidence of misappropriation.

Advice has been provided to management on issues that include erroneous concessionary travel claims, a member of staff receiving a spoof email seemingly from a senior officer and the examination of an IT network at a school to ensure that no inappropriate images had been stored there.

Customer Value

Performance Indicators - Resources

Overall, performance against the indicators has been very good (see appendix 2). We have improved timeliness of draft issue and final reports were issued to the customer within the agreed timeframes (15 working days for draft report and 10 working days for final report). We are working on LEAN approaches which we hope will further improve report efficiency and timeliness.

Customer Service Excellence (CSE)

DAP maintains accreditation by G4S Assessment Services of the CSE standard during the year.

During the period we issued client survey forms with our final reports. The results of the surveys returned are, although low in number, very good and again are very positive. The overall result is very pleasing, with over 97% being "satisfied" or better across our services. 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.

What Our Customers Said

We have had some very complimentary feedback in the last six months. More details can be found on our website www.devonaudit.gov.uk but some of the more relevant comments include:-

"the auditor ensured that we received plenty of positive feedback where appropriate as well as suggestions for improving systems"

"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."

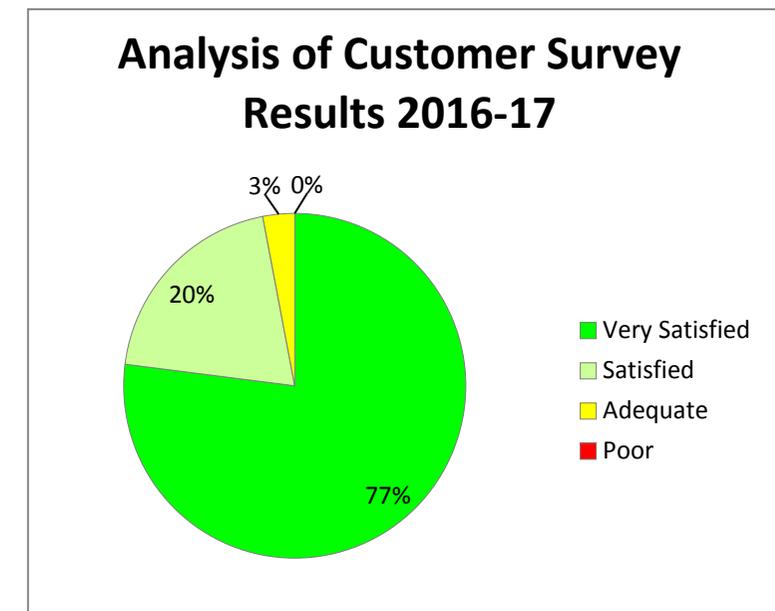
Added Value

We aim to provide a cost effective, efficient and professional internal audit service that takes the opportunity to add value whenever possible. Some of the specific examples of where our team have been able to add value to the Council in the first six months of 2016/17 include:-

"On governance and risk management "I always find DAP staff most engaging and helpful, in particular as a sounding board for ad-hoc issues. The audit was able to add value by providing both challenges and also suggestions"

"On creditors "to receive input and advice on control methods & areas of potential risk when looking to introduce change"

We continue to develop and train our staff so that they can add value to the organisation as it faces the difficult challenges ahead.



Appendix 1 – Summary of audit reports and findings for 2015/16

Risk Assessment Key

LARR – Local Authority Risk Register score Impact x Likelihood = Total & Level
 ANA - Audit Needs Assessment risk level as agreed with Client Senior Management
 Client Request – additional audit at request of Client Senior Management; no risk assessment information available

Assurance Progress Key

Green – action plan agreed with client for delivery over an appropriate timescale;
 Amber – agreement of action plan delayed or we are aware progress is hindered;
 Red – action plan not agreed or we are aware progress on key risks is not being made.
 * report recently issued, assurance progress is of managers feedback at debrief meeting.

| CORPORATE SERVICES | | | | | |
|-------------------------------------|--|--------------|-------------------|---|---|
| Risk Area / Audit Entity | Risk Assessment / Audit Needs Assessment | Audit Report | | | Assurance Progress RAG Score |
| | | Status | Assurance Opinion | Executive Summary | |
| Corporate Services – Finance | | | | | |
| Creditors | ANA – Medium | Final | Good Standard | Assurance was reported in the 2015-16 Annual Report. Please refer to that report for details. |  |
| Debtors | ANA – Medium | Final | Good Standard | |  |
| Income Collection | ANA – Medium | Final | Good Standard | |  |
| Bank Reconciliation | ANA – Low | Final | Good Standard | |  |
| Main Accounting System | ANA – Medium | Final | Good Standard | The main accounting system is being operated within a reasonably sound overall control environment. There are some areas where consideration and implementation of additional measures would enhance the existing control framework, and recommendations have been made accordingly. These include alignment of procedural guidance, and consistency across the directorates in relation to budget virements. |  |

CORPORATE SERVICES

| Risk Area / Audit Entity | Risk Assessment / Audit Needs Assessment | Audit Report | | | Assurance Progress RAG Score |
|------------------------------------|--|--------------|-----------------------|---|---|
| | | Status | Assurance Opinion | Executive Summary | |
| Accounting for VAT in Partnerships | ANA – Medium | Draft | Improvements Required | <p>Processes and guidance are in place in respect of requirements and accounting arrangements for entering into partnership working.</p> <p>We cannot currently confirm the correct treatment of VAT in relation to these arrangements due to inconsistent holding of formal partnership agreement documentation; this position may have further implications in relation to general compliance with partnership agreements. Our findings are being considered by the Tax Compliance Forum in December; accordingly we will provide an updated executive summary later in the year within our annual monitoring report.</p> |  * |
| Tax Compliance Forum | Client Request | Ongoing | Value Added | The Group discusses HRMC 'hot topics' and their implications on the authority; and the impact of organisational and systems changes on tax compliance. No significant unmitigated risks have been identified to date. |  |

The following audits are in currently in progress:

- Treasury Management (ANA – Low)
- Debt Mapping (ANA - High)

It is anticipated that the reports will be issued & agreed in the third quarter of 2016-17. No issues of major concern have been identified from our fieldwork to date.

The following audits are not due to commence until the second half of 2016-17:

- | | |
|---|---|
| <ul style="list-style-type: none"> • Debtors and Debt Recovery (ANA – Medium) • Bank Reconciliation (ANA – Low) • Finest System Administration (ANA – Low) • Creditors (ANA – Medium) | <ul style="list-style-type: none"> • Fixed Asset Register (ANA – Low) • Income Collection (ANA – Medium) • Main Accounting System (ANA – Medium) • Use of new Budgeting System (ANA - Medium) |
|---|---|

Corporate Services – Human Resources

| | | | | | |
|---------|------------|-------|-----------------------|---|---|
| Payroll | ANA – High | Final | Improvements Required | Assurance was reported in the 2015-16 Annual Report. Please refer to that report for details. |  |
|---------|------------|-------|-----------------------|---|---|

CORPORATE SERVICES

| Risk Area / Audit Entity | Risk Assessment / Audit Needs Assessment | Audit Report | | | Assurance Progress RAG Score |
|-------------------------------------|---|--------------|-----------------------|---|---|
| | | Status | Assurance Opinion | Executive Summary | |
| Management of Agency workers. | Client request (in addition to agreed Plan) | Final | Good Standard | <p>Information governance issues have been created with the existence of unsupported staff record information. Due to time elapsed since creation of the document, it is difficult to determine exactly why it was created and by whom; however, we can confirm that the document has been destroyed and no further copies have been identified within HR Temp Solutions or the People Service Area.</p> <p>A HR Advisor is currently reviewing processes for managing records to provide improved guidance for managers to follow. No material detriment was found to have occurred and remedial measures have been agreed.</p> |  |
| HR – Absence Management & Recording | ANA – Medium | Final | Improvements Required | <p>Absence management policies and procedures were found to be comprehensive and current. We did identify opportunity for improvement in the control environment and potential efficiency gains through greater automation of the process and changes to the existing form to reduce duplicate entries, which require resource outside of HR.</p> <p>Access to create and submit on line absence forms is not restricted and there is no automated approval process. Additionally, there is limited control surrounding the manual processes required by the printed form, and hence a risk exists that return to work processes are not followed.</p> <p>Arrangements for the dissemination of wider group data require improvement to ensure information governance expectations are met.</p> |  |
| HR – Consultants follow up | Client Request (in addition to agreed Plan) | Final | Improvements Required | <p>There is a detailed policy which guides managers to consider the value in hiring a consultant, interim manager or professional fees. However, the policy is still not being followed in the majority of instances and there is a lack of policing or penalty for non-compliance.</p> <p>This creates an unacceptable risk of possible unfair selection and a failure to be able to demonstrate best value.</p> <p>Management have agreed to review why engagements are made outside prescribed arrangements and ensure the fit within the framework. The associated new HMRC regulations on off-payroll workers will also be considered.</p> |  |

CORPORATE SERVICES

| Risk Area / Audit Entity | Risk Assessment / Audit Needs Assessment | Audit Report | | | Assurance Progress RAG Score |
|--------------------------|--|--------------|-------------------|---|---|
| | | Status | Assurance Opinion | Executive Summary | |
| Payroll – Re-enrolment | ANA – Medium | Final | Good Standard | The process of first re-enrolment was effectively managed by a project team and included appropriate and evidenced user acceptance testing, the production of procedure documents, effective communication of the changes, and maintenance of records to support re-enrolment. We can confirm that re-enrolment requirements have been met and that re-enrolment was accurately declared. |  |

The following audit is currently in progress:

- Payroll (ANA – High)

It is anticipated that the report will be issued & agreed in the third quarter of 2016-17. No issues of major concern have been identified from our fieldwork to date.

The following audits are not due to commence until the second half of 2016-17

- HR – Maintenance of Work Structure (Client request)
- HR – Agency Workers phase 2 (Client request in addition to agreed plan)
- Teachers' Pensions Return (Client request)

The following audits have either been cancelled by the client as they are no longer required, or deferred until 2017-18

- Payroll – Dispensations (Client request)
- Payroll – Online Adjustments (ANA – Medium)

Corporate Services – Legal services

The following audit is not due to be commenced until the second half of 2016-17

- Legal - Operation of the Town and Parish Fund and Members' Locality Budget follow up (ANA – Low)

Corporate Services – Business Strategy and Support

| | | | | | |
|---|----------------------|----------|-------------|--|---|
| Blue Badge Appeals and Complaints Process | ANA – Client request | Complete | Value Added | Audit carried out a benchmarking exercise to ascertain how similar local authorities administered blue badge applications and appeals with particular attention on the provision of Independent Mobility Assessment. A number of observations and considerations were subsequently reported to management. |  |
|---|----------------------|----------|-------------|--|---|

CORPORATE SERVICES

| Risk Area / Audit Entity | Risk Assessment / Audit Needs Assessment | Audit Report | | | Assurance Progress RAG Score |
|--|--|--------------|-------------------|---|--|
| | | Status | Assurance Opinion | Executive Summary | |
| Procurement – Review of Selected Tender Evaluation Exercises | ANA – Client request | Ongoing | Value Added | Audit has continued its involvement in the letting of a new Highways Maintenance Contract, providing support and challenge to both Devon and Plymouth Councils at various stages of the procurement. This culminated in the receipt and evaluation of final bids and Audit provided independent assurance in the lead up to bid submission and during the evaluation of these bids. Audit were present at moderation sessions and conducted validation of evaluation scores, pricing models and “relative merits”, to ensure that a consistent and fair approach was followed throughout. |  |
| | | | Value Added | Audit has had involvement in the preparation of DILIS tender documentation issued to prospective bidders and the subsequent evaluation of submitted tenders. DAP reviewed a number of key documents and spreadsheets used within the procurement process and identified some amendments required. Audit was in attendance at evaluator training and present at all bid moderation sessions to ensure consistency and fairness. |  |
| Information Governance including PSN | ANA – High | Ongoing | Value Added | On-going support and advice has been provided, including the provision of support for individual business areas in respect of information governance queries. Work has commenced to collaborate more closely with the Information Governance Team in order to support their agendas wherever appropriate and ensure consistency in delivering key messages. |  |

The following audits are not due to commence until the second half of 2016-17

- Strategic – Ethics & Culture (ANA – Medium)
- Strategic – Review of Contract Management: Strategy and Process (ANA – High)
- Finance – Financial Performance of Commercial Enterprises (Client request)

- Procurement - Resilience of significant/strategic suppliers to ensure service provision in face of Public Sector cuts (ANA – High)
- Procurement – Governance protocols in relation to contract award procedures and contract lifecycle (ANA – High)

CORPORATE SERVICES

| Risk Area / Audit Entity | Risk Assessment / Audit Needs Assessment | Audit Report | | | Assurance Progress RAG Score |
|---|--|--------------|-----------------------|---|---|
| | | Status | Assurance Opinion | Executive Summary | |
| Corporate Services – IT Audit | | | | | |
| CareFirst 6 (ACS) Corporate Business | ANA – Critical | Draft | Improvements Required | <p>The identification of formal governance structures to administer, maintain and develop social care business solutions, and key interdependencies, is required to better safeguard both information and financial assets. As the way in which adults and children’s social care is delivered it is important that there is clear ownership of the often highly sensitive data assets and the business solutions that hold them. Initial engagement with Adults has taken place in respect of CareFirst data asset ownership, but there remains a need to engage with Children’s and Child Protection who are currently embarking on a project to implement the new OLM Eclipse solution.</p> <p>Weaknesses in password quality, Children’s services user training and, CareFirst user groups and profiles, all undermine access assurance on data security and highlight potential cultural weaknesses with regard to data security awareness. Internal Audit to engage with both social care services in order to attempt to address these issues.</p> |  |
| Service Strategy – Critical Success Factors and Technical Roadmap | ANA – High | Ongoing | N/A | <p>The Roadmap is being delivered through ICT as it’s been pre-agreed through consultation with Business leadership teams prior to commencing work and this is now considered by the ICT Strategic Commissioning Manager as now being effectively delivered. As the commissioning model embeds, it can be difficult to balance between empowering business areas to have appropriate ownership of projects and ensuring that ICT Commissioning service has appropriate end to end input. Internal Audit is to conduct work in the fourth quarter to ensure that the value of the commissioning model is being fully realised and that all risks are being appropriately mitigated. This will include risks such as those represented by silo’d projects and failure to realise the benefits of the ICT Road Map and strategic plans such as the “One Plan”.</p> |  |

CORPORATE SERVICES

| Risk Area / Audit Entity | Risk Assessment / Audit Needs Assessment | Audit Report | | | Assurance Progress RAG Score |
|--------------------------|--|--------------|-------------------|-------------------|------------------------------|
| | | Status | Assurance Opinion | Executive Summary | |

The following audits are in currently in progress:

- CareFirst (Client request)
- ICT Service Strategy

The following audits are not due to commence until the second half of 2016-17:

- Service Operation – Processes (Incident & Problem) (ANA – High)
- Service Transition – Change Management (ANA – High)
- Service Design Detailing how to deliver the service (ANA – Critical)
- Incident Management (Client Request)

The following audits have either been cancelled by the client as they are no longer required, or deferred until 2017-18
 Service Operation – Function (ANA – High)

Grants

| | | | | | |
|---|-----|-----------|-----------|----------------------|---|
| Local Transport Capital Block Funding | N/A | Completed | Certified | No issues identified |  |
| Additional Highways Maintenance Funding | N/A | Completed | Certified | No issues identified |  |
| Local Growth Fund | N/A | Completed | Certified | 2 issues reported |  |
| Social Care | N/A | Completed | Certified | No issues identified |  |
| Active Devon | N/A | Completed | Certified | No issued identified |  |

The following audits are currently in progress

- Skills Funding Agency
- Targeted Family Support Programme
- Homes and Community Agency Funding

It is anticipated that the grants will be certified in the third quarter of 2016-17. No issues of major concern have been identified from our fieldwork to date.

CORPORATE SERVICES

| Risk Area / Audit Entity | Risk Assessment / Audit Needs Assessment | Audit Report | | | Assurance Progress RAG Score |
|---|--|--------------|-------------------|---|------------------------------|
| | | Status | Assurance Opinion | Executive Summary | |
| The following audits are not due to commence until the second half of 2016-17 <ul style="list-style-type: none"> Rural Growth Network Careers and Enterprise | | | | <ul style="list-style-type: none"> Dartmoor Granite and Gears Flood Resilience Community Pathfinder | |
| The following audits have been cancelled as they are no longer required, or deferred until 2017-18 <ul style="list-style-type: none"> Local Sustainable Transport Fund – Access to Education | | | | | |

| PLACE | | | | | |
|---|--|--------------|-------------------|---|---|
| Risk Area / Audit Entity | Risk Assessment / Audit Needs Assessment | Audit Report | | | Assurance Progress RAG Score |
| | | Status | Assurance Opinion | Executive Summary | |
| Highways Term Maintenance Contract – Payment Mechanism review | ANA – High, Client Request | Final | High Standard | Based on limited testing, the information contained in the monthly reports provided to the TMC Highways meetings by South West Highways Ltd was verified to the supporting spreadsheets. These had been extracted from the SWH Coins accounting system. One area of concern was identified which meant that embedded gains calculations may have been overstated in the VJV reports. Actions have been agreed to amend these. but it should be emphasised that there has been no over or underpayment to the contractor. Assurance can be provided that the Traffic Management Unit's costs have been derived from the accounting system and calculated to show the charge being made under this contract. |  * |
| On Street Parking Benefits Realisation | ANA -Client request | Draft | Good standard | <p>The Parking service was able to demonstrate that efficiencies have been made and there is a projected surplus of £490k recorded for 2015/16 which exceeds the original projected savings predicted by Parking Associates.</p> <p>We found the recovery of Penalty Charge Notices (PCN's) to be above the national average and a reduction of the number of PCN's that have been spoiled. Both of these findings suggest that the service has continued to generate Penalty Charge notices (PCN's) that are of good quality.</p> <p>The number of complaints about the service has fallen since the service was brought in house and so have the number of assaults made against individual CEO's.</p> <p>We have recommended the Parking team developed a formal Parking Strategy; set longer term goals for the service in a business strategy; include Key Performance Indicators to ensure they are able to effectively monitor and record their performance on a more strategic level to provide further assurance to Senior Management and Council members that the service is performing in line with their expectations; adopt a risk management approach including register of risks associated with this service.</p> |  |

| PLACE | | | | | |
|--|--|--------------|-------------------|---|------------------------------|
| Risk Area / Audit Entity | Risk Assessment / Audit Needs Assessment | Audit Report | | | Assurance Progress RAG Score |
| | | Status | Assurance Opinion | Executive Summary | |
| | | | | At the time of the audit, the service did express concern over the treatment of persistent evaders that are impacting on the Authority. We support the development of a strategy to better deal with these matters. | |
| South West Devon Waste Partnership | ANA - High | Ongoing | Value Added | Audit has continued its participation with the Partnership, attending Project Executive, providing support and advice on contract management issues and the annual reconciliation process which is going through its first iteration. Audit will be asked to "sign off" the Partnership accounts. | N/A |
| Highways Virtual Joint Venture – presence on TMC (Term Maintenance Contract) | ANA – High, Client Request | Ongoing | Value Added | Attendance at the monthly meetings to provide independent and objective advice and input as required to the discussions between management and contractor. | N/A |
| New Highways Term Maintenance Contract 2017 | Client Request | Ongoing | Value Added | See "Procurement – Review of Selected Tender Evaluation Exercises" under Corporate Services | N/A |

The following audits are currently in progress:

- Community Impact Support Scheme
- MIL and REEL grants
- Risk register development with the Economy Service

It is anticipated that the reports / outputs will be issued & agreed in the third quarter of 2016-17. No issues of major concern have been identified from our fieldwork to date.

The following audits have not yet been started as they are not due to commence until the second half of the year:

- Getting value from waste (Does Exeter EFW provide value for money)
- Review of annual accounts reconciliation for Exeter EFW

| PLACE | | | | | |
|---|--|--------------|-------------------|--|---|
| Risk Area / Audit Entity | Risk Assessment / Audit Needs Assessment | Audit Report | | | Assurance Progress RAG Score |
| | | Status | Assurance Opinion | Executive Summary | |
| Services for Communities | | | | | |
| Syrian Vulnerable persons Scheme | ANA – Medium, Client Request | Draft | Good standard | <p>The audit was undertaken whilst the scheme was still in its initial stages, but overall we consider there is a good structure in place to manage the Syrian Vulnerable Person Scheme.</p> <p>There has been a positive take up from local district and city councils. The Project team has been proactive in discussing best practice and lessons learned with other local authorities. This has been done in part, due to the lack of detailed guidance available to local authorities from Central Government.</p> <p>Better use of risk management tools has been recommended to identify what may cause the scheme to fail and therefore what controls can be put in place. Further actions which have been discussed include development and approval of a Data Sharing Protocol regarding any relevant information and a Communications Strategy to ensure the various stakeholders are kept aware of matters, although we recognise that neither of these may not be easy to achieve or be adopted by all of the partners.</p> |  |
| Attendance at CRMG (Corporate Risk Management Group) | ANA - High | Ongoing | Value Added | <p>The CRMG continues to embed risk management across the organisation. Internal Audit provides advice and support at CRMG which has delegated authority from the Chief Executive to lead on the development of the Council's approach including the Strategy, the Policy and the guidance materials.</p> <p>The Group are realigning to reflect the new Leadership structure and will need to seek input from senior management to ensure risk management remains recognised as an important tool for modern management and leadership.</p> | N/A |
| <p>The following audits have not yet been started as they are not due to commence until the second half of the year:</p> <ul style="list-style-type: none"> Buy With Confidence – Trading Standards Libraries Effectiveness of Monitoring and Control | | | | <ul style="list-style-type: none"> Youth Service support Performance Management – support for development and implementation of new Performance Management framework Risk management audit | |

| PEOPLE | | | | | |
|---------------------------|--|--------------|-----------------------|--|---|
| Risk Area / Audit Entity | Risk Assessment / Audit Needs Assessment | Audit Report | | | Assurance Progress RAG Score |
| | | Status | Assurance Opinion | Executive Summary | |
| Residential Care Bandings | ANA - High | Final | Improvements Required | <p>Monitoring expenditure levels since the introduction of the new two banded system has shown greater levels of enhanced care have been awarded leading to an increase of £1.5m in expenditure. This is possibly due for several reasons:-</p> <ul style="list-style-type: none"> • Increased numbers of clients being assessed as enhanced. • In House services being transferred to commissioning on ceasing operations with the closure of DCC residential and nursing homes, resulting in exceptional payments being made. • Non Banded Residential care payments for out of area placements are set at that authority's rate which may be higher than DCC's. • Assessment delays, resulting in substantial amounts being backdated for many months. This was due to a delay in implementing an uplift to the fees culminating in backdating of fees to April 2014. • The Panel process for reviewing and agreeing expenditure all residential and nursing placements is not operating consistently across all areas due to a lack of formal procedures. It has also been identified that not all residential and nursing placements are going to panel. <p>Timely assessment is crucial to ensure clients' needs are assessed at least annually. Delays in undertaking yearly assessments had led to bandings being uplifted and backdated without further recourse to Panel.</p> <p>Joint Agency Managers authorise against the Scheme of Delegation which was not reflected in CareFirst.</p> <p>All residential / nursing care placements should go before an area panel for further agreement of the banding and assessment. If additional help is needed the panel could consider awarding a market premium or using a targeted payment for specific areas of need. It was found that panels had no clear terms of reference and crucially not all residential / nursing care clients cases were put before the panel. Documentation regarding panel decisions, minutes and approvals were not located in the majority of the sample tested.</p> |  |

| PEOPLE | | | | | |
|--|--|--------------|-----------------------|---|---|
| Risk Area / Audit Entity | Risk Assessment / Audit Needs Assessment | Audit Report | | | Assurance Progress RAG Score |
| | | Status | Assurance Opinion | Executive Summary | |
| Mapleton RCH | Client Request | Final | Good Standard | A small number of areas were identified where improvement can be made as current control measures are ineffective at reducing risk. In particular, improvements are required in the areas of: Stock control - including security, record keeping, monitoring and reporting; Inventory - a complete and up to date inventory should be maintained in accordance with the Authority's procedures. |  |
| High Cost Child Placements | Client Request | Final | Improvements Required | <p>A number of high cost placements have required retrospective approval. A significant proportion of these have been tidying up of "older" cases. Senior Management have instigated a review into this area and recommendations have been made to improve the process (where required) and to ensure compliance.</p> <p>Overall, the key elements for a workable and enforceable system are in place, but these have not always been complied with. There will always be "exceptional circumstances" but these should be few in number.</p> <p>Recommendations made are aimed at further improving processes, and in particular, these are around Court Directed placements, ongoing training for staff and capturing approval information on CareFirst.</p> <p>During 2015 the Strategic Director became aware not all high cost cases were following the appropriate approval process and put in place a number of actions to address this issue. This issue has been brought under control and the Strategic Director has confidence that the situation will not reoccur.</p> |  |
| Devon Assoc. Prim. Heads (DAPH) / Devon Assoc. Secondary Heads (DASH) / Special Heads Assoc. Devon (SHAD). | Client Request | Final | Good Standard | In the ever changing landscape of the membership of the Association between maintained and academy schools, the Executive Committee has started to look at alternative service delivery vehicles for the Association. The Association could possibly move away from the financial umbrella of the County Council but this raises significant issues on financial management and procedures. Based on review of the last four years' accounts, additional expenditure would be incurred by the Core Activities. |  |

| PEOPLE | | | | | |
|---|--|--------------|-----------------------|--|---|
| Risk Area / Audit Entity | Risk Assessment / Audit Needs Assessment | Audit Report | | | Assurance Progress RAG Score |
| | | Status | Assurance Opinion | Executive Summary | |
| Devon Association of Primary Headteachers (National Primary Headteachers) | | | | The Association's involvement in National Primary Headteachers Ltd. (NPH) has resulted in a potential write off of £14k. A bad debt provision has been established in the NPH commissioned work statement of accounts as at 31 March 2016. This sum will have to be written off in the March 2017 accounts against the Business Development Activities accounts as it is unlikely any dividend will be received following the liquidation of this company. | |
| Devon Schools Phase Associations | Client Request | Final | Improvements Required | There is a lacking of consistency in the areas covered by the Constitutions as the recommendations made in the April 2013 internal audit report have not been implemented. The Terms of Reference suggest that each Association has their own finance policy, based on the document provided to the maintained schools. Apart from DAPH, the other Associations do not have a finance policy but reliance has been placed on the details contained in their respective Constitutions. The Associations all operate the recording of their financial transactions differently. The School Associations are managed through the County Council systems whilst the Governor Association is outside these systems. The four Associations provided financial information on a periodic basis and produce a form of accounts at 31 March each year. The balances being carried forward by DASH and DAG at 31 March 2016 are considered to be excessively high. |  |
| Children with Disabilities | Client Request | Ongoing | | | |
| Residential / Nursing Commissioning | Client Request | Ongoing | | | |
| Early Help for Families Grant | Statutory Client Request | Ongoing | Certified | DAP have verified and certified one claim to date this financial year. As at 30 th September, 71 families have achieved significant and sustained progress and 7 families have achieved continuous employment. This has realised income of £62k. We continue to work with the Early Help & Expanded TF Team to ensure the accuracy and completeness of key data and that demonstrable evidence of intervention is maintained. |  |

| PEOPLE | | | | | |
|---|--|--------------|-------------------|---|---|
| Risk Area / Audit Entity | Risk Assessment / Audit Needs Assessment | Audit Report | | | Assurance Progress RAG Score |
| | | Status | Assurance Opinion | Executive Summary | |
| Social Care Grant | Statutory Client Request | Complete | Certified | |  |
| Schools Financial Value Standards (SFVS) | Statutory ANA - Low | Final | Good Standard | SFVS Dedicated Schools Grant Chief Finance Office assurance statement for 2015/16 submitted to the Department for Education. |  |
| Procurement - Review of Tender Evaluation Model – DILIS | ANA - High Client Request | Ongoing | Value Added | DAP have reviewed a number of key spreadsheets used within the procurement process for this particular contract and identified a number of amendments required. Discussions have been held with both the Project Manager and Procurement and attendance has taken place at evaluator training and bid evaluation sessions to ensure consistency and fairness. |  |

Appendix 2 – Performance Indicators

There are no national Performance Indicators in existence for Internal Audit, but the Partnership does monitor the following Local Performance Indicators LPI's:

| Annual Local Performance Indicators (LPI) | 2013/14 | 2013/14 | 2014/15 | 2014/15 | 2015/16 | 2015/16 | 2016/17 | 2016/17 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|-------------------------|-------------------------|
| | Target | Actual | Target | Actual | Target | Actual | Full Year Target | Six month Actual |
| Percentage of Audit plan Commenced (Inc. Schools) | 100% | 96.5% | 100% | 96.9% | 100% | 100% | 100% | 48% |
| Percentage of Audit plan Completed (Inc. Schools) | 93% | 94.6% | 93% | 92% | 93% | 97% | 93% | 35% |
| Actual Audit Days as percentage of planned (Inc. Schools) | 95% | 97.5% | 95% | 97.8% | 95% | 101% | 95% | 51% |
| Percentage of fundamental / material systems reviewed annually | 100% | 100% | 100% | 100% | 100% | 100% | 100% | On target |
| Percentage of chargeable time | 65% | 69.3 | 65% | 67.8% | 65% | 69% | 65% | 66.9 |
| Customer Satisfaction - % satisfied or very satisfied as per feedback forms | 90% | 98% | 90% | 99% | 90% | 99% | 90% | 96% |
| Draft Reports produced within target number of days (currently 15 days) | 90% | 80.1% | 90% | 87% | 90% | 87% | 90% | 88.5% |
| Final reports produced within target number of days (currently 10 days) | 90% | 89.1% | 90% | 97% | 90% | 94% | 90% | 97.8% |
| Average level of sickness absence (DAP as a whole) – See note 1 | 2% | 3% | 2% | 5.5% | 2% | 2% | 2% | 5.46% |
| Percentage of staff turnover (DAP as a whole) - See note 2 | 5% | 3% | 5% | 16.6% | 5% | 5% | 5% | 17% |
| Out-turn within budget | Yes | On target |

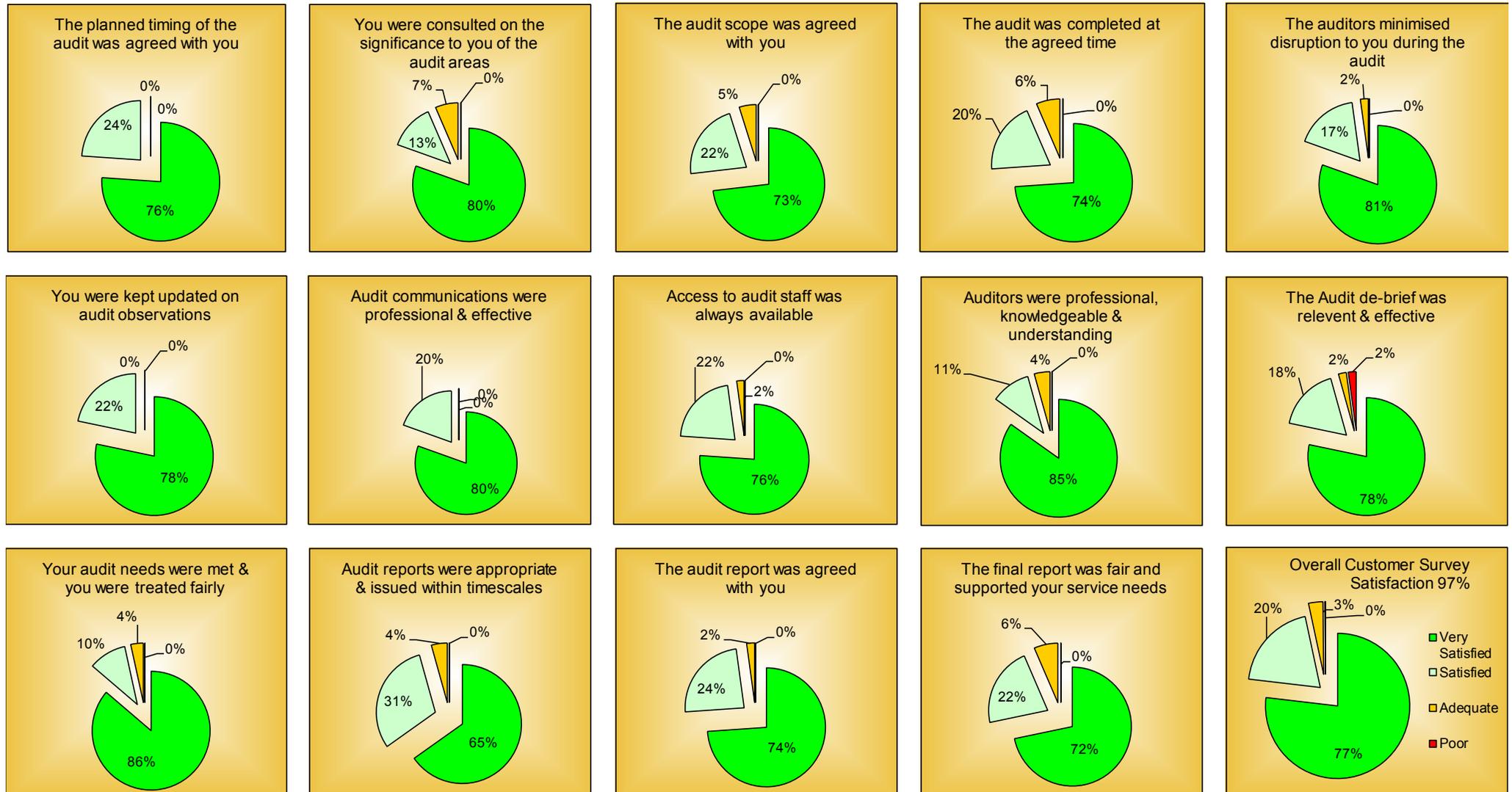
Note 1 - Sickness in the first part of 2016/17 has been high at 198 days or 5.64% of available time; equates to around 6.5 days per FTE. As always, we are work with staff to ensure that attendance at work is maximised; the assistance of HR support organisations such as Wellbeing @ work also assist us. 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.

Note 2 – 3 people have left DAP; 1 x apprentice started; 1 x person on secondment to another role

Appendix 3 - Customer Service Excellence

Customer Survey Results April - October 2016

The charts below show a summary of 46 responses received.



Appendix 4 – Definitions

Definitions of Audit Assurance Opinion Levels

Confidentiality under the Government Security Classifications

| Assurance | Definition | Marking | Definition |
|------------------------------------|---|------------|--|
| High Standard. | The system and controls in place adequately mitigate exposure to the risks identified. The system is being adhered to and substantial reliance can be placed upon the procedures in place. We have made only minor recommendations aimed at further enhancing already sound procedures. | Official | The majority of information that is created or processed by the public sector. This includes routine business operations and services, some of which could have damaging consequences if lost, stolen or published in the media, but are not subject to a heightened threat profile. |
| Good Standard. | The systems and controls generally mitigate the risk identified but a few weaknesses have been identified and / or mitigating controls may not be fully applied. There are no significant matters arising from the audit and the recommendations made serve to strengthen what are mainly reliable procedures. | Secret | Very sensitive information that justifies heightened protective measures to defend against determined and highly capable threat actors. For example, where compromise could seriously damage military capabilities, international relations or the investigation of serious organised crime. |
| Improvements required. | In our opinion there are a number of instances where controls and procedures do not adequately mitigate the risks identified. Existing procedures need to be improved in order to ensure that they are fully reliable. Recommendations have been made to ensure that organisational objectives are not put at risk. | Top Secret | The most sensitive information requiring the highest levels of protection from the most serious threats. For example, where compromise could cause widespread loss of life or else threaten the security or economic wellbeing of the country or friendly nations. |
| Fundamental Weaknesses Identified. | The risks identified are not being controlled and there is an increased likelihood that risks could occur. The matters arising from the audit are sufficiently significant to place doubt on the reliability of the procedures reviewed, to an extent that the objectives and / or resources of the Council may be at risk, and the ability to deliver the service may be adversely affected. Implementation of the recommendations made is a priority. | | |