



devon **audit** partnership

Internal Audit

Progress Report – November
2016 to February 2017

Partnership Committee

March 2017



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 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:**
- i that the Committee notes the current status of the Partnership and current issues.
 - ii That the Committee accept the proposal for Torridge District Council to become a member of the Partnership from April 2017

Devon Audit Partnership Progress made since November 2016

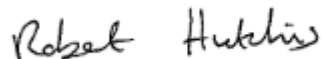
In June 2016 the Management Board and Partnership Committee gave their approval for a continuation of the Partnership for a further seven years (from April 2017), with a review after five years. Since that time we have been working with legal and member services colleagues to prepare a partnership agreement that reflects the challenges facing the public sector and to obtain the required approval through organisational democratic processes. The revised agreement has now been prepared and agreed, and is currently being "signed off" by the relevant parties.

From April 2017 Torridge District Council has expressed a wish to join the Partnership. We trust that the Partnership Committee will be in agreement with this request. If so, DAP Management will work with Devon CC and Torridge legal colleagues to prepare suitable agreements; we look forward to further close working with colleagues from Torridge.

The Audit Together grouping continues to help us develop our products and services, and we hope that our clients and partners are finding the regular newsletters of benefit.

We continue to deliver a wide range of audit assurance reviews across all our partners and clients, and continue to provide these services in an efficient, cost effective and professional way.

If you are aware of any organisation that would benefit from the wide range of assurance services that we offer, please do pass details on; we would be happy to explore and meet their needs.



Robert Hutchins
Head of Devon Audit Partnership
March 2017

Partnership Membership and Client Development

Mid Devon District Council

We have prepared a bid for Mid Devon District Council as they look to make changes to their internal audit team. We are keen to support the Council, and have offered a range of approaches for them to consider. We believe that we offer a first class, cost effective internal audit service and hope that we will be successful in our bid.

Work with Audit West

As part of our Strategic Alliance with Audit West we aim to run a number of workshops around the region providing guidance on the new General Data Protection Regulation – these represent the most fundamental shake-up of data protection law for over 20 years.

GDPR affects any organisation processing personal data and establishes data protection as a fundamental right for individuals. If you are dealing with personal data your responsibilities and obligations will significantly change and there is substantial work required to prepare.

We aim to provide briefing sessions that will include:-

- Impact of Brexit on GDPR
- How to prepare for compliance
- Parental consent on processing children's data
- Details of all other new obligations on organisations
- Understanding the increased financial penalty measures issued by the regulator (ICO)
- Risks of claims from third parties and how to mitigate these

First Level Controller (FLC) for EU bids

A number of EU funded projects in the 2014 to 2020 funding round have recently been announced. We have been appointed as FLC for a number of Devon based bids including :- Growth Hub; ZebCat; and Woodheat

We recently presented our bid for services to Green Screen – a London based submission regarding film. Our bid was based on a "remote" service, and was a new approach for us. Unfortunately we were unsuccessful in our application, but the feedback received was positive and constructive and will aid us in preparing future similar bids.

Adding Value

Adding Value has been embedded in the way our team work. 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”.

This 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. Our staff are encouraged 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.

Trading Standards - Buy with Confidence, January 2017 *“.... very pleased with the outcomes and the recommendations are all both practical and achievable, mostly in the short to medium term. It was also very useful to undergo the risk register process with you and that gave us quite a bit to think about which should allow us to work much smarter and safer.”*

Syrian Vulnerable Persons Scheme, December 2016 *“The opportunity to “think aloud” about the set-up of the operation and to reflect on the balance of project vs service governance was particularly helpful. The auditor’s broad experience encompassing knowledge of district council housing operations was relevant and added value to the process.”*

Concessionary Fares, December 2016 *“ The audit added value by confirming to us that we no longer had the skill set to carry out negotiations with the operators and that we needed to fill this gap in the skills of our team. You always enter this process with a sense of dread, but the process worked well for us and we learned much.”*

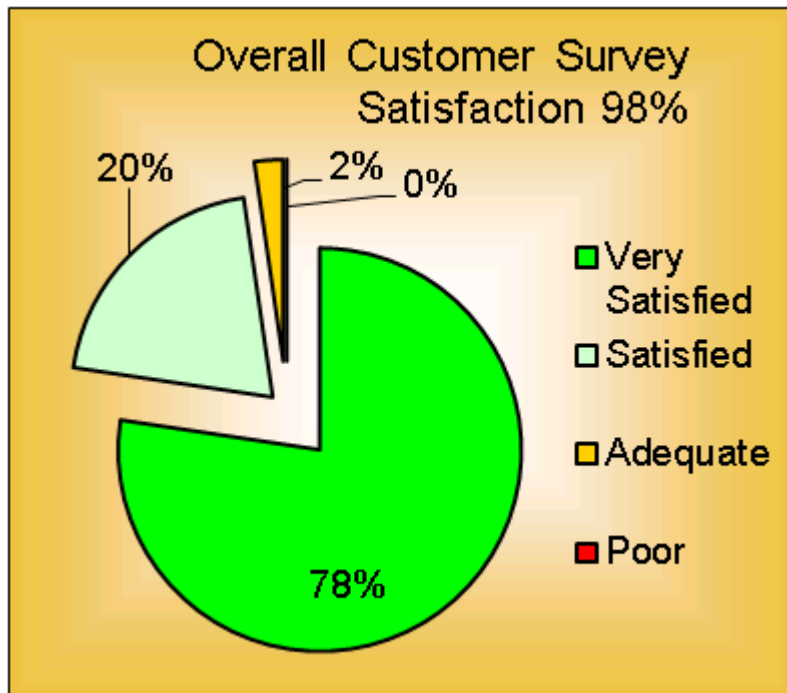
Child Independent Placements, December 2016 *“The report was very helpful and the auditor helped with brokering the final action plan between ourselves and commissioning. Good clear recommendations were particularly helpful and the audit added value as we are in the process of reviewing another area and this audit will be a useful tool.”*

Retained Client – People, November 2016 *“The audit added value by encouraging us to structure thinking around future management.”*

Velopark, November 2016 *“The process was helpful throughout and added value to the organisation in that we have been able to realise additional income potential. The customer service and experience was very good.”*

ICT Change Management, November 2016 *“The Audit planning process engages both parties so that we can come up with a sensible plan which covers our key risk areas and fits in with our current staff resources. The format of the audit reports is very good. Easy to understand with a really good layout. I think your Audit service is excellent and I would welcome the continuing relationship with your service, keep up the good work!”*

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 97.7% 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:-

Academies, November 2016 *"The auditor was thorough, professional and helpful."*

Child Independent Placements, December 2016 *"The team were very helpful and accommodating. The auditor was helpful, professional and a good communicator throughout."*

Integrated Health & Wellbeing – Commissioning Strategy, January 2017 *"The auditor demonstrated a very good understanding of the work and was very knowledgeable and articulate throughout."*

Schools, December 2016 *"The auditor was very approachable and gave Julie and I very good advice. Thank you for all your help."*

DAP Development

PSIAS review

Devon Audit Partnership ensures that it meets all current, relevant professional guidance. Our internal audit activity conforms with the International Standards for the Professional Practice of Internal Auditing

In December 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;

- 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 within the Partnership’s Audit Management System (MKInsight) are completed to a good standard.

Terry & Chris also made a number of comments aimed at making further improvements to the way we work and we shall, as a management team, work through these in the coming months.

Staffing Updates

Since November we have had a few staff changes. In December one of our audit managers, Jane Quick, left the Partnership. Jane is based in the Barnstaple area and found the commute between Barnstaple and Exeter a little too much. We did work with Jane in using home working, flexible working patterns etc, but Jane decided a change was the best for her. We wish her every success in her next career move.

In January Tony Rose, Auditor 2 also left. Tony was offered, and accepted, a role as a Senior Auditor in Audit South West (ASW), an audit partnership providing internal audit to Health organisations in the south west. As with Jane, tony will be a great loss to the team, but we also wish him the very best with ASW.

In February we welcomed back Marion Lang as an Auditor 2 – Marion will help support work at all our clients, but will in particular be Plymouth based, helping to deliver work for Plymouth.

Audit Together

The Audit Together grouping continues to help us develop our products and services, and we hope that our clients and partners are finding the regular newsletters of benefit.

Internal Audit Performance

Our analysis of performance for the first nine months of 2016/17 indicates that, overall, performance is generally in line with expectations. 79% of planned audit assignments have been commenced (against a target of 75%) We remain confident that we will be able to achieve our year end target figures.

Customer satisfaction levels remain very high at 98% across the partnership. A breakdown of performance across all partners is shown in Appendix A.

Nine month performance (end of December 2016) Inc Schools					
Local Performance Indicator (LPI)	Full year	9 mth	Quarter 3	Quarter 3	Direction of Travel (where applicable)
	Target	Target	2016/17	2015/16	
Percentage of Audit Plan Started	100	73	79%	80.47%	←→
Percentage of Audit plan Completed	90%	65%	56%	56.60%	←→
Percentage of chargeable time	65%	65%	66.3%	68.60%	↓
Customer Satisfaction - % satisfied or very satisfied as per feedback forms	90%	90%	98%	97.00%	←→
Draft Reports produced within target number of days (currently 15 days)	90%	90%	88%	76.13%	↑
Final reports produced within target number of days (currently 10 days)	90%	90%	96%	93.53%	↑
Average level of sickness absence	2%	2%	4.25%	4.94%	↑
Percentage of staff turnover	5%	5%	18% (4 people)	4% (2 People)	↓
Out-turn within budget	Yes	Yes	Yes	Yes	←→

Sickness in the nine months of 2016/17 remains high, but there are signs that sickness levels are reducing back to "acceptable" levels.

One employee has recently returned from long term sickness on a phased return basis. We trust that this employee will soon be working back at full speed.

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.

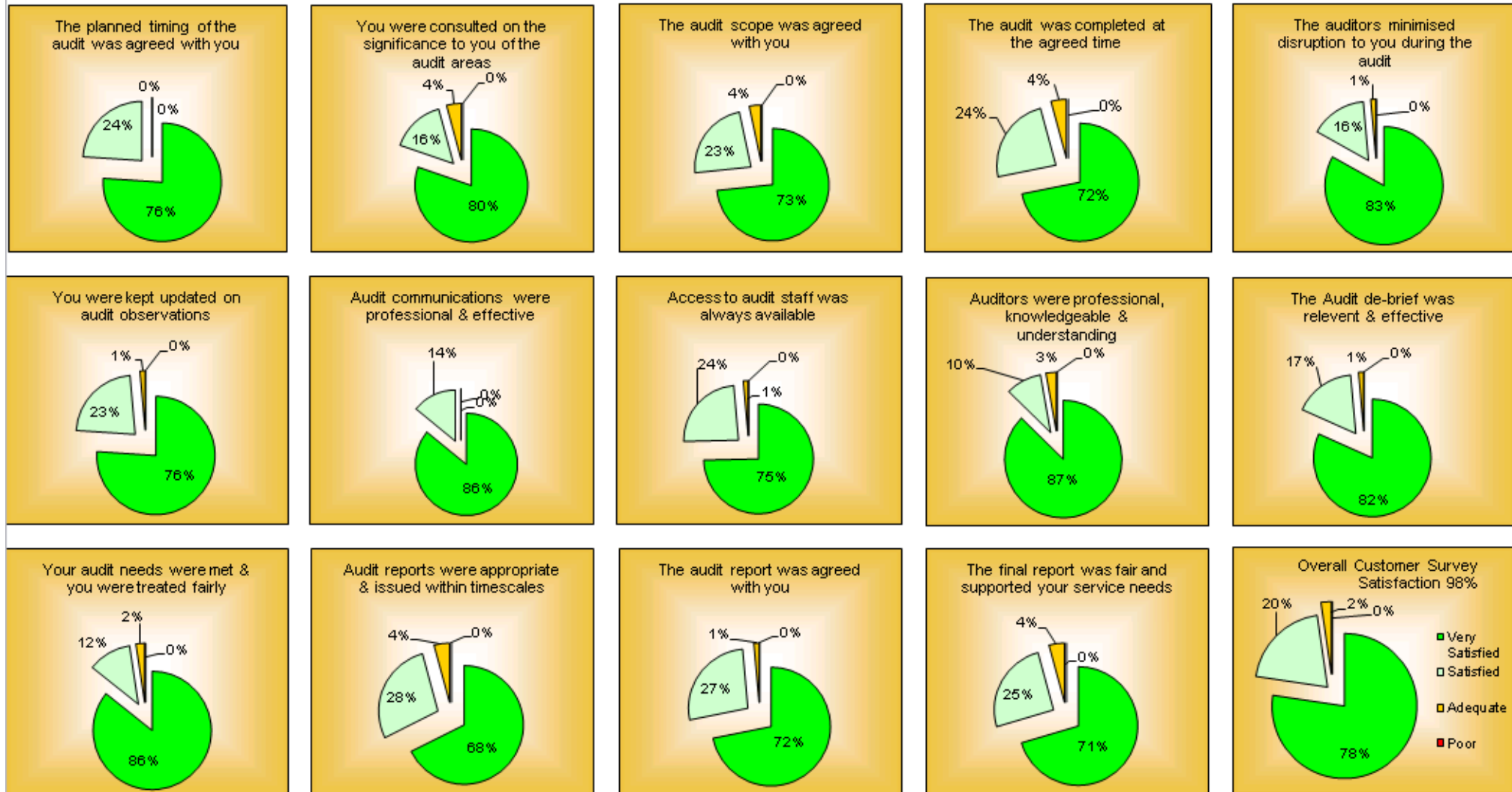
We recently asked HR colleagues to provide detailed absence management training for managers and expect that this will ensure all episodes are dealt with consistently and in line with the DCC managing absence arrangements.

Staff turnover is higher than anticipated, but includes the ending of some temporary contracts to meet budget reductions, and other recent changes as outlined earlier in this report.

Appendix 1 - Customer Service Excellence

Customer Survey Results April - December 2016

The charts below show a summary of 71 responses received.



Appendix 2 – Local Performance Indicators to be completed.

Breakdown of Performance by Partner – Q3 2016/17

<i>Local Performance Indicator (LPI)</i>			
	Plymouth %	Torbay %	Devon %
Percentage of Audit plan Completed	57.1	59.3	53.2
Percentage of Audit Days delivered	55.6	72	72.9
Percentage of chargeable time	68.1	63.8	67.2
Customer Satisfaction - % satisfied or very satisfied as per feedback forms	100	98.6	92.9
Draft Reports produced within target number of days (currently 15 days)	97	76	89
Final reports produced within target number of days (currently 10 days)	94	98	95