



devon **audit** partnership

Internal Audit

# Half Year Monitoring Report 2019-20

## Plymouth City Council Audit Committee

December 2019  
Official

Robert Hutchins  
Head of Audit Partnership

CUSTOMER  
SERVICE  
EXCELLENCE



Auditing for achievement

## Introduction

The Audit Committee, under its Terms of Reference contained in Plymouth City Council's Constitution, is required to consider the Chief Internal Auditor's annual report, to review and approve the Internal Audit programme, and to monitor the progress and performance of Internal Audit.

The Accounts and Audit (Amendment) (England) Regulations 2015 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 2019/20 was presented and approved by the Audit Committee in March 2019. The following report and appendices set out the background to audit service provision; a review of work undertaken to date in 2019/20 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 an annual report providing an opinion that can be used by the organisation to inform its governance statement. This report provides that opinion.

### Expectations of the Audit Committee from this annual report

Audit Committee members are requested to consider:

- the assurance statement within this report;
- the basis of our opinion and the completion of audit work against the plan;
- the scope and ability of audit to complete the audit work;
- audit coverage and findings provided;
- the 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 at an adequate level to mitigate risks and inform the Executive for governance requirements.

**Robert Hutchins**  
**Head of Devon Audit Partnership**

## Opinion Statement

**Overall, based on work performed to date during 2019/20 and our experience from the current year progress and previous years' audit, the Head of Internal Audit's Opinion is of "Substantial Assurance" on the adequacy and effectiveness of the Authority's internal control framework.**

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 for assessment of the Authority's control environment.

These reviews have informed the Head of Internal Audit's Opinion on the internal control framework on the year to date. Should any significant weaknesses be identified in specific areas, they will need to be considered by the Authority in preparing its Annual Governance Statement later in the year for publication alongside the Statement of Accounts for 2019/20.

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. Implementation of action plans rests with management and these are reviewed during subsequent audits or as part of a specific follow-up.

### This statement of opinion is underpinned by:

#### Internal Control Framework

The control environment comprises the Council's policies, procedures and operational systems and processes in place to:

- Establish and monitor the achievement of the Council's objectives;
- Facilitate policy and decision making;
- Ensure the economical, effective and efficient use of resources;
- Ensure compliance with established policies, procedures, laws and regulations;
- Safeguard the Council's assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption.

Each year, core financial and administrative systems are reviewed by Internal Audit either through specific reviews (e.g. Council Tax & Main Accounting) or generally in the reviews undertaken in respect of directorate systems. The Council's overall internal control framework operated effectively during the year. Where internal audit work has highlighted instances of none or part compliance, none are understood to have had a material impact on the Authority's affairs.

#### Risk Management

Risk management continues to be utilised widely across the Council. The risk of overspend in Children's Social Care and the challenges of delivering services within the available envelope of resources are "red" on the Strategic Risk Register. Considerable work has also been undertaken to understand and where possible, mitigate business continuity risks in preparing for a "No Deal Brexit". Brexit risk assessments are in place.

#### Governance Arrangements

Governance arrangements have been reviewed within operational areas such as Fleet and Garage.

We have audited Gifts & Hospitality policies and practices and tracked implementation of Children's Safeguarding Partner arrangements.

The Information Lead Officers Group and Information Governance Manager continue to provide good governance on the management of information.

#### Performance Management

Quarterly capital and revenue monitoring reports to Cabinet identify key issues and their associated corrective actions.

Performance against priorities in the Corporate Plan are RAG rated and reported to Cabinet. Our review of indicators that form the Customer Experience Theme found the integrity of the indicators generally robust. Further work is planned on performance indicators not yet subject to audit review.

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.	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.
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.	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.

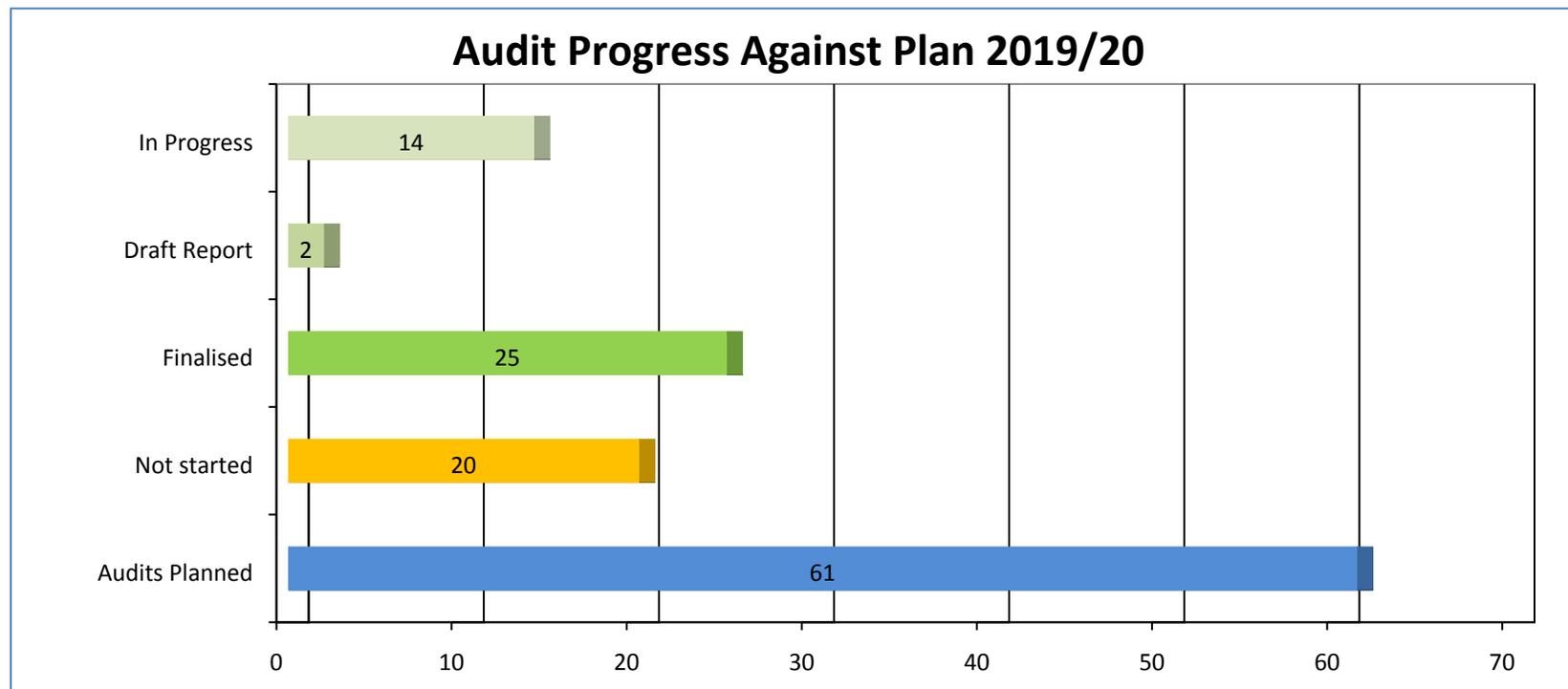
## Progress against plan

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 Directorate's internal control environment and summarises the performance of the Internal Audit function against its performance measures and other criteria. The bar chart below shows delivery of the plan against target as at 30 September.

Progress in the first six months has included completion of work from 2018/19 necessarily spanning year end, undertaking follow up audits on areas where significant findings were made in the previous year and reporting to committee thereon and progressing assignments in accordance with timescales agreed with management.

A table showing the status of planned audits and their associated reported executive summaries is contained at Appendix 1. In addition to this year's planned work, consultancy and advice continues to be provided where required.

Progress against plan is generally as expected for the year so far.



## Assurance Opinions

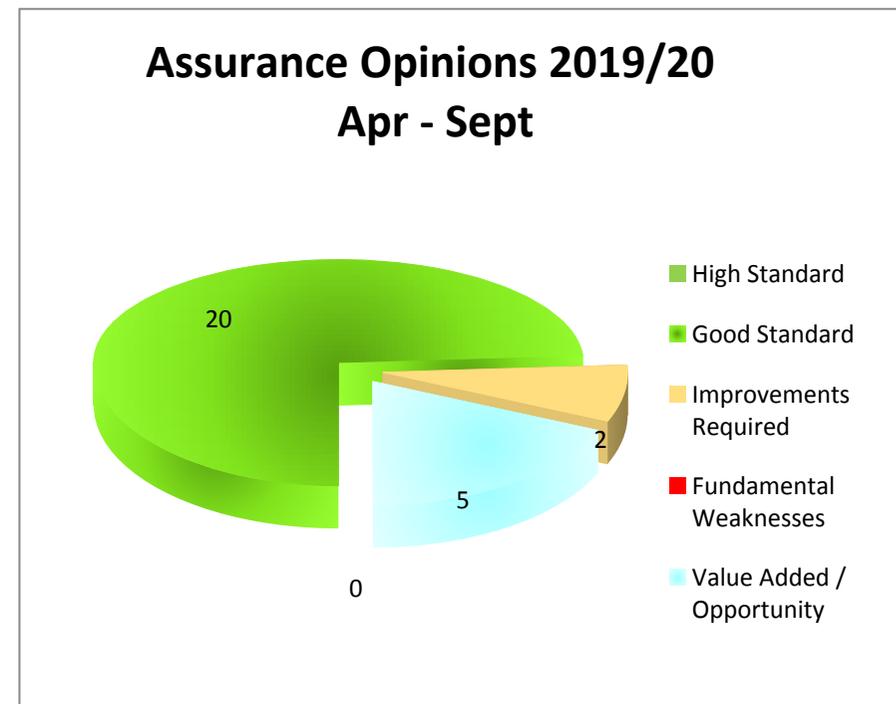
Ongoing austerity and the uncertain and changing backdrop within the UK present significant challenges to all local authorities. Funding cuts of around 50% since 2010-11 together with ever greater demands on Children’s Services, an ageing population and no reduction in statutory obligations has created an increasingly challenging environment for the Council. Action plans to deliver the savings necessary to close the budget gap are subject to ongoing review and challenge. These risks are recognized in the Strategic Risk Register and when carrying out audit reviews and in the course of working with service areas, DAP look to identify any synergies, efficiencies or income opportunities which may be achieved.

Work has been ongoing to track the progress of Brexit legislation through Parliament and monitor media and other sources of information to inform understanding of the progress being made in the Brexit negotiations. Development of a Brexit risk register contains corporate and Citywide risks including Port and Fisheries, with action logs subject to regular review to check if the view of the situation has changed. DAP have a seat on the cross departmental working group and can provide assurance as to the robustness of the process. Business Continuity Plans across all areas of the Council have been reviewed and suppliers contacted to ensure that they also have continuity arrangements in hand. External working groups have been set up including a Port liaison group and through collaboration with Devon & Plymouth Chamber of Commerce, a Plymouth Brexit Group. The Council has prepared as much as possible for the next General Election which is now scheduled for 12th December.

In our opinion based on our audit work to date for 2019/20, 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 key financial system controls are well maintained and where weaknesses have been identified, management have responded positively to our recommendations.

Appendix 1 below details the assurance opinions for individual audits; the definitions of the assurance opinion ratings are given in Appendix 5.



## Fraud Prevention and Detection

Counter-fraud arrangements are a high priority for the Council and assist in the protection of public funds and accountability. The Cabinet Office runs a national data matching exercise, The National Fraud Initiative (NFI), every two years. For the 2018/19 exercise, DAP co-ordinated the extract of relevant Council datasets, as defined by the Cabinet Office. Departments supplied their datasets which were uploaded onto the NFI secure website in October 2018 in accordance with the NFI timetable. The subsequent matching reports were received back from the Cabinet Office in February 2019 and departments have been reviewing the matches throughout 2019/20.

DAP are currently reviewing the results of the work undertaken by departments and will be reporting outcomes to the Service Director for Finance shortly.

**Irregularities** – DAP have provided management with a range of advice and support on courses of action or improvements to controls. An investigation into employee conduct concluded that there was no cause for concern.

**Active Counter Fraud Investigation** – The Plymouth City Council Corporate Fraud Team transferred to the Devon Audit Partnership (DAP) in May 2018 and is now known as the Counter Fraud Services Team within DAP. The team continue to offer a full and comprehensive investigation service to Plymouth, whilst offering a commercialised service to other DAP partners in order to provide Plymouth City Council with a return on its investment.

The Counter Fraud Team Manager has prepared a separate report summarising work undertaken in the year to date.

## Assurance Opinion and Extract Executive Summaries – up to 31 October 2019

### Risk Assessment Key

ANA - Audit Needs Assessment risk level

Client Request - no risk assessment information available

Risk Area / Audit Entity	Assurance Opinion	Residual Risk / Audit Comment		
<b>Customer and Corporate / Finance</b>				
<b>Core Assurance – Key Financial System</b>				
Council Tax ANA - Medium	Status: In-progress	Work has commenced on the annual review of the system for the billing and collection of Council Tax. Work will include a follow-up on the 2018/19 report to confirm the actions taken in response to agreed recommendation and a walk-through of the system to understand the end-to-end processes and ensure that the design of controls and processes are effective and proportionate.		
Housing Benefits ANA - High	Status: In-progress	In advance of the start of the annual HB review a number of checks have been undertaken on assessments of new claims and change events occurring in the first half of 2019/20. These checks are undertaken to provide an early indication of any common errors arising within the HB caseload which might impact upon subsidy and to inform the extended testing that will be undertaken in the second half of the year. From the limited testing undertaken to date there are no significant issues to report.		
<p>The key financial reviews will be commenced in the second half of 19/20</p> <table border="0" data-bbox="152 1129 1668 1284"> <tr> <td data-bbox="152 1129 1019 1284"> <ul style="list-style-type: none"> <li>• Creditors ANA - High</li> <li>• Main Accounting ANA - High</li> <li>• Debtors ANA – Medium</li> <li>• Purchasing ANA – High</li> </ul> </td> <td data-bbox="1019 1129 1668 1284"> <ul style="list-style-type: none"> <li>• Business Rates (NNDR) ANA – Low</li> <li>• Treasury Management ANA – Medium</li> <li>• I.T.Systems ANA - High</li> <li>• iTrent – Payroll ANA - Medium</li> </ul> </td> </tr> </table>			<ul style="list-style-type: none"> <li>• Creditors ANA - High</li> <li>• Main Accounting ANA - High</li> <li>• Debtors ANA – Medium</li> <li>• Purchasing ANA – High</li> </ul>	<ul style="list-style-type: none"> <li>• Business Rates (NNDR) ANA – Low</li> <li>• Treasury Management ANA – Medium</li> <li>• I.T.Systems ANA - High</li> <li>• iTrent – Payroll ANA - Medium</li> </ul>
<ul style="list-style-type: none"> <li>• Creditors ANA - High</li> <li>• Main Accounting ANA - High</li> <li>• Debtors ANA – Medium</li> <li>• Purchasing ANA – High</li> </ul>	<ul style="list-style-type: none"> <li>• Business Rates (NNDR) ANA – Low</li> <li>• Treasury Management ANA – Medium</li> <li>• I.T.Systems ANA - High</li> <li>• iTrent – Payroll ANA - Medium</li> </ul>			
<p>At the request of the client review of the following system has been deferred to allow for implementation and embedding of the upgrade to Hosted Icon.</p> <ul style="list-style-type: none"> <li>• Cash / Bank Receipting System - ANA - High</li> </ul>				

Risk Area / Audit Entity	Assurance Opinion	Residual Risk / Audit Comment
<b>Core Assurance - Other</b>		
Devon Business Rates Pool	Value Added Status: Final	The overall control framework for the administration of the Devon Business Rates Pool is of a good standard but some difficulties have occurred following staff changes. Whilst it is difficult to mitigate the risk of losing experienced and knowledgeable staff, recommendations have been made that will minimise the impact of similar changes on pool administration arrangements in the future. Business rate retention schemes are extremely complex with many variables that need to be considered, furthermore the volatility of business rates and the length of the pool cycle makes accurate forecasting very difficult. The Devon Business Rates Pool members value opportunities to discuss technical issues, share ideas and support each other and these collaborative arrangements should be formalised.
Corp Information Management ANA – High	Status: On-going	The Council continues to face many challenges including the ever present cyber security threats and evolving its information management. DAP continues to provide “trusted advisor” support to the Information Lead Officers Group (ILOG) and Management Information Security Forum (MISF). The Corporate Information Manager conducted a considerable amount of work to embed new processes, procedures and documentation to meet with the requirements of the Data Protection Act 2018 (GDPR). Informal work conducted by Internal Audit in the completion of other reviews confirmed that the implementation period measured well against the ICO’s ‘Twelve Steps’ (to GDPR Compliance). Our work during 2019/20 will confirm how Data Protection processes continue to evolve.
HR/Payroll Business Solution ANA – High Client Request	Status: On-going	Delt have commenced implementation of the CoreHR HR/ Payroll system and have recognised the importance of having a suitably skilled and experienced Project Manager to assist in fulfilling timelines and delivering required outcomes. Internal Audit have now initiated a piece of work to gain oversight and provide advice and assurance as the project progresses.
Health & Safety ANA – High	Status: In-progress	In January 2017 the HSE served Plymouth City Council with an Improvement Notice in relation to breaches in the Management of Exposure to Vibration Regulations 2005.

Risk Area / Audit Entity	Assurance Opinion	Residual Risk / Audit Comment
		<p>This notice was closed in May 2019 following work to assure the HSE of new risk controls which reduce exposure to As Low as Reasonably Practicable (ALARP). The health and Safety Performance Standard for the Management of Control of Exposure to Vibration was updated accordingly. To provide assurance that these controls have been sustained, we are in the process of undertaking an audit against the revised performance standard across Street Scene (Grass Cutters and Arborists), Bereavement Services and Mount Edgecombe.</p>
Procurement ANA – High Client Request	Status: On-going	We continue to work collaboratively with the Corporate Procurement Team. To date this has included input into system and process improvements relating to purchasing cards and involvement in the review of contract standing orders.
Client Financial Services (follow-up to the 2018/19 review) ANA – High	Improvements Required Status: Final	The ongoing commitment to tackling the 2018/19 audit action plan has resulted in progress being made with the ASC Recovery and Income Collection Project and improvements to the checking of error and data quality reports. However, due to the delay in publication of the Fairer Charging Policy, the need to formalise write off procedures and produce a working practices manual for CFST the overall audit opinion remains unchanged at "improvements required".
Deputyships (follow-up to the 2018/19 review) ANA - Medium	Good Standard Status: Final	<p>We previously reported that although the work of the Deputyship team was performed to a good-standard, referrals were not consistently processed in a timely manner; this was for a variety of reasons, some outside of the control of the Deputyship Team.</p> <p>Positive action has been taken by management in Customer &amp; Corporate, People and Livewell SW in addressing the risks identified in the original audit report with the majority of recommendations either implemented or in-progress.</p>
Schools Financial Value Standards (SFVS)	Good Standard Status: Final	SFVS Dedicated Schools Grant Chief Finance Office assurance statement for 2018/19 submitted to the Department for Education.

Risk Area / Audit Entity	Assurance Opinion	Residual Risk / Audit Comment
<p>The following reviews have not yet commenced:</p> <ul style="list-style-type: none"> <li>• Cyber Security ANA – High</li> <li>• General Data Protection Regulation (GDPR) ANA – High, Client Request</li> <li>• Temporary &amp; Interim Employees ANA – High, Client Request</li> </ul>		
<p><b>Executive Office</b></p>		
<p><b>Core Assurance - Other</b></p>		
<p>Data Quality ANA – High</p>	<p>Status: On-going</p>	<p>Following on from the work undertaken 2018/19 and in liaison with the Performance Team in Oversight &amp; Governance, we are continuing with the review of corporate indicators to provide assurance on the quality and robustness of the source data used in the reporting.</p>
<p>Gifts &amp; Hospitality ANA - Medium</p>	<p>Improvements Required Status: Draft</p>	<p>Work was undertaken to evaluate the adequacy and effectiveness of policy and procedures in respect of Gifts and Hospitality. To enable us to establish the level of understanding of existing arrangements we developed questionnaires for Members and staff; we received more than 500 responses.</p> <p>We have concluded that although the requirement for Members and Officers to declare gifts and hospitality is contained within key governance documents, they only provide a high-level statement with a focus on hospitality and do not clearly or consistently set out the rules for receiving and giving of gifts and hospitality.</p> <p>Senior Governance Officers will work with colleagues in Legal and HR to ensure instructions for declaring offers and/or receipts as well as the provision of gifts and hospitality are unambiguous and clearly communicated.</p>

Risk Area / Audit Entity	Assurance Opinion	Residual Risk / Audit Comment
<b>People</b>		
<b>Core Assurance – Key Financial System</b>		
CareFirst - Children Independent Placements ANA – Medium Client Request	Status: In-progress	Work is underway to assess the adequacy of the systems in place for the administration of the living arrangements for children who have been placed by the Local Authority with external agencies for foster care, residential care, supported living and parent and child assessments.
<b>Core Assurance - Other</b>		
Finance & Assurance Review Group (FARG) ANA – High Client Request	Status: On-going	The purpose of FARG is to provide oversight, scrutiny and assurance of the integrated fund and internal audit continue to have a seat on FARG providing real time support and challenge.
Children's Multi Agency Safeguarding Arrangements ANA - Medium	Value Added Status: Final	<p>On 29 September 2019 Local Safeguarding Children Boards ceased and were replaced with the Children Safeguarding Practice Review Panel (at national level) and safeguarding partners (on a local level).</p> <p>Safeguarding partners were required to agree and publish their local arrangements by 29 June 2019 and notify the Secretary of State for Education. On 11 June 2019 the new multi-agency arrangements for Plymouth and Torbay were presented and agreed at Cabinet and have been published in line with statutory requirements. They can be found via a link on the Plymouth City Council website.</p> <p>As part of the arrangements the Independent Chair has to be replaced with a single Independent Quality Assurance role to oversee safeguarding practice and challenge and support the panel. The closing date for applications for this “Office Holder” post was 23 October.</p>

Risk Area / Audit Entity	Assurance Opinion	Residual Risk / Audit Comment
HMO Licensing ANA - Medium Client Request	Status: In-progress	Work to review the adequacy and effectiveness of controls, processes and procedures operating within the licensing of Houses in Multiple Occupation (HMOs) is nearing completion. Initial findings indicate that whilst the system and procedures deployed by the Housing Improvement team in the licensing of HMOs is generally effective, there are some elements within the end to end system where there are opportunities for improvement.
Private Sector Enforcement ANA – Medium Client Request	Good Standard Status: Final	The majority of complaints about private rented sector accommodation are received via email/website and acknowledged by the Housing Improvement team in a timely manner; most are resolved with little issue. However, when matters are not resolved, the ethos of the Service is to work with and negotiate with landlords, tenants etc to try to avoid legal action being taken but this approach can lead to lengthy delays and management will now review the guidelines / scenarios for when a case should be escalated to prosecution or civil penalty. The number of reports to the Council have steadily decreased over the years from 997 in 2014/15 to 502 in 2018/19.
Dynamic Purchasing System (DPS) ANA – Medium Client Request	Status: In-progress	A new system was implemented in 2018 to support the procurement of Disabled Facilities Grant (DFG) works. The objective of our review is to evaluate and report on the adequacy of controls, processes and procedures operating within the DPS to manage the quotation, award, completion and payment of disabled facilities adaption works.
Integrated Care Partnership ANA - Medium	Status: On-going	Audit continues with a “real time” high-level review of the procurement process to ensure that the Council’s interests are protected.
Families with a Future (Payment by Results) Statutory	Certified Status: Ongoing	DAP have verified and certified six claims in the year to date and continue to work with the Families with a Future Team to ensure the accuracy and completeness of key data and that demonstrable evidence of intervention is maintained.

Risk Area / Audit Entity	Assurance Opinion	Residual Risk / Audit Comment
The following reviews have not yet commenced:		
<ul style="list-style-type: none"> <li>Special Guardianships (Children) ANA – High</li> <li>Legal Care Proceedings (Children) ANA – Medium</li> <li>Children's Short Break Contracts ANA – Medium, Client Request</li> </ul>		<ul style="list-style-type: none"> <li>Anti-Social Behaviour Tools ANA – Medium, Client Request</li> <li>Education, Participation &amp; Skills Dept ANA – Medium, Client Request</li> <li>Commissioning Contracts ANA – Medium, Client Request</li> </ul>
Review of the following areas have been deferred at the request of the client.		
<ul style="list-style-type: none"> <li>Universal Youth Services ANA – Medium, Client Request</li> </ul>		
<b>Office of the Director of Public Health</b>		
Taxi Licensing Trade Accounts ANA – Medium Client Request	Good Standard Status: Final	Taxi Licence Trading Accounts reported to Licence Committee in the report of the 21 <sup>st</sup> March 2019 provide a true and fair view of the financial transactions of the service. Accurate and complete accounting records have been maintained, with actual service income and costs used to calculate the new licence fees and ensure the trading accounts come back into balance. The basis of the apportionment of service income and expenditure across the five licence account categories has been clearly defined, is considered reasonable and ensures there is no cross subsidy.
Business Continuity Within the Supply Chain Follow-Up ANA – High	Status: In-progress	This is a review of progress with implementing the management action plan agreed in September 2018. The original report related solely to key suppliers to Plymouth City Council and the adequacy of their Business Continuity plans to handle disruptions to their operations.
<b>Place</b>		
Waste PFI ANA – High	Status: On-going	Audit continues its participation with the South West Devon Waste Partnership, attending meetings of the Project Executive, providing support and advice on contract management issues.
New Business Solutions - Tech Forge (Cloud) ANA – Medium	Status: In Progress	DAP have reviewed the 'as is' position of the current Tech Forge system and the benefits of moving to the cloud-based system. A business case has been completed highlighting the risks of remaining with the current desktop system and the benefits of

Risk Area / Audit Entity	Assurance Opinion	Residual Risk / Audit Comment
Client Request		<p>migrating to the cloud system and recommends that PCC proceeds with the migration and work required to enable the configuration before the data migration occurs. The findings and recommendations of the business case are fully supported by DAP.</p> <p>A meeting has been scheduled with the Council's Asset Data Controller to scope and agree the extent of assistance and assurance DAP can provide in respect of the migration process.</p>
Garage ANA – Medium Client Request	Value Added Status: Draft	<p>Following the transfer to Plymouth Highways, management initiated a review of the service, implementing a series of immediate actions and formulating an ongoing action plan in response to identified issues and challenges, with a view to managing risk, improving standards and stabilising financial performance</p> <p>Good progress has been made in financial control. The Garage reported a deficit as recently as 2017/18 but reported a small surplus in it's first full year (2018/19) under the management of Plymouth Highways and is currently on budget in 2019/20. Stock control procedures and processes have improved significantly since DAP last reviewed this area in the last quarter of 2016/17. A Garage co-ordinator is in post and has conducted an end of year stock take, the value of held stock is being reduced and the service is considering moving towards imprest stock</p> <p>Performance and productivity data is now being captured and reported. Although still a work in progress the service is beginning to gain a clearer insight of it's performance and can highlight areas where improvement may be required.</p> <p>Management are considering the future delivery model for garage services and these decisions need to be taken as soon as practicable to provide clarity and determine whether there is justification for further spend, contractual commitments and the additional recruitment that will be necessary to drive further service improvement and exploit commercial opportunities.</p>

Risk Area / Audit Entity	Assurance Opinion	Residual Risk / Audit Comment
Fleet Management ANA – Medium Client Request	Status: In Progress	<p>Audit work in this area is being finalised.</p> <p>There are clear links between the Council’s Fleet and Garage services and on conclusion of this work there may be further observations and recommendations that impact on our review of the Garage</p> <p>From work undertaken to date, there is potential for clear benefits to the Garage of the fleet replacement work being undertaken by the Fleet Services Manager. The current fleet is ageing and is a significant contributor to the unscheduled maintenance undertaken by the Garage. Replacing older elements of the fleet has the potential to reduce the amount of work outsourced by the Garage as well as creating additional capacity for the Garage to pursue commercial opportunities.</p> <p>Consideration is also being given as to whether the current independent management of Fleet and Garage within the Council structure is the most beneficial option. Initial thoughts are that there are some clear benefits to the current structure including the separation of Fleet’s statutory compliance role from the Garage’s operational function and the management capacity required in view of the scale of the Council fleet. The pros and cons of each approach will be fully considered and reported upon on completion of our work.</p>
Street Scene and Waste Services Overtime Expenditure Client Request	Value Added Status: Final	<p>The processes for recording and authorising overtime during 2018/19 were found to be inconsistent, with several different systems in use across the service and a paucity of management information to monitor and challenge spend. Moreover, the Council’s current payroll system also fails to provide the required clarity and depth of information to assist the analysis or ongoing monitoring of overtime expenditure, but this is expected to improve with the introduction of the new CoreHR system in April 2020.</p> <p>Administrative changes made within the service at the start of 2019/20, together with the implementation of recent audit recommendations are expected to also greatly improve the visibility of overtime expenditure and enable managers to address the causes of increased expenditure. Consequently, Audit has arranged for the Delt</p>

Risk Area / Audit Entity	Assurance Opinion	Residual Risk / Audit Comment
		programme manager to liaise with Street Services Management to consider user requirements for CoreHR.
Street Lighting Contract	Value Added Status: Final	Audit assurance has been provided to the Engineering Manager (Structures, Street Lighting and Signals) in respect of a cost-plus arrangement with South West Highways. Communicated figures for the provision of labour, support, transport and plant costs have been verified to allow for the extension of this arrangement on a yearly platform for all measurable fixed costs.
<p>The following reviews have not yet commenced:</p> <ul style="list-style-type: none"> <li>• Insurance Claims ANA – Medium, Client Request</li> <li>• Trade Waste Follow-Up ANA – Medium</li> <li>• Joint Local Plan ANA – Medium, Client Request</li> </ul>		
<p>At the request of management, the following review has been reprogrammed for 2020/2021.</p> <ul style="list-style-type: none"> <li>• Capital Programme ANA – Medium, Client Request</li> </ul>		
Grant Certification Statutory	Regulatory Requirement	<p>Grants certified without amendment:</p> <ul style="list-style-type: none"> <li>• Regional Growth Fund GAIN 201819</li> <li>• Regional Growth Fund Oceansgate 201819</li> <li>• LGF Northern Corridor</li> <li>• LGF Eastern Corridor</li> <li>• LGF Derriford Hospital Interchange</li> <li>• LGF Charles Cross and Exeter Street</li> <li>• LTCB Int Transport &amp; Highway Mtce 31/224 &amp; Pothole Action Fund 31/3221</li> <li>• National Productivity Investment Fund 31/3222</li> <li>• RGF Derriford Transport Scheme</li> <li>• IBCF Disabled Facilities Capital Grant 31/3337</li> </ul>

## Appendix 2 - Audit Standards and Customer Delivery

### Conformance with Public Sector Internal Audit Standards (PSIAS)

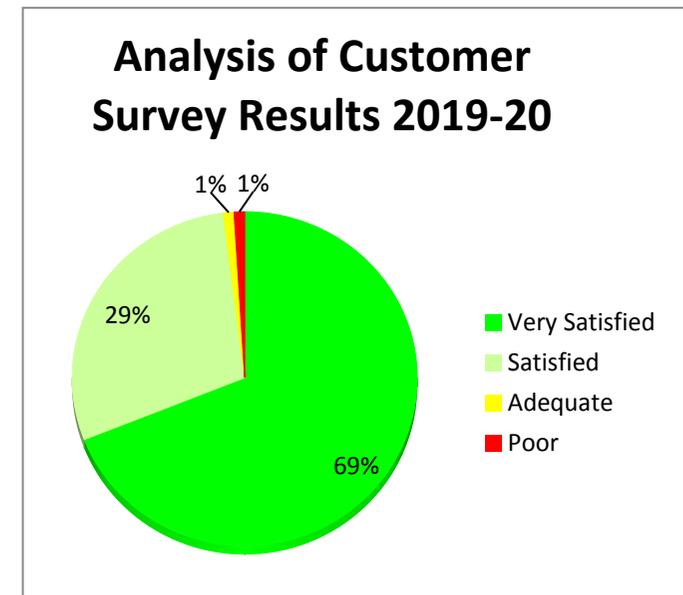
**Conformance** - Devon Audit Partnership conforms to the requirements of the PSIAS for its internal audit activity. The purpose, authority and responsibility of the internal audit activity is defined in our internal audit charter, consistent with the *Definition of Internal Auditing*, the *Code of Ethics* and the *Standards*. Our internal audit charter was approved by senior management and the Audit Committee in March 2019. This is supported through DAP self-assessment of conformance with Public Sector Internal Audit Standards & Local Government Application note.

**Quality Assessment** – through external assessment December 2016 “DAP is considered to be operating in conformance with the standards” External Assessment provides independent assurance against the Institute of Internal Auditors (IIA) Quality Assessment & Public Sector Internal Audit Standards (PSIAS). The Head of Devon Audit Partnership also maintains a quality assessment process which includes review by audit managers of all audit work. The quality assessment process and improvement is supported by a development programme.

**Improvement Programme** – DAP maintains a rolling development plan of improvements to the Service and customers. All recommendations of the external assessment of PSIAS and quality assurance were included in this development plan and have been completed. This will be further embedded with revision of our internal quality process through peer review.

### Customer Service Excellence

DAP maintains accreditation by G4S Assessment Services of the CSE standard during the year. We continue to issue client survey forms with our final reports and 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 near 98% being "satisfied" or better across our services, see appendix 4. 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.



## Appendix 3 – Performance Indicators

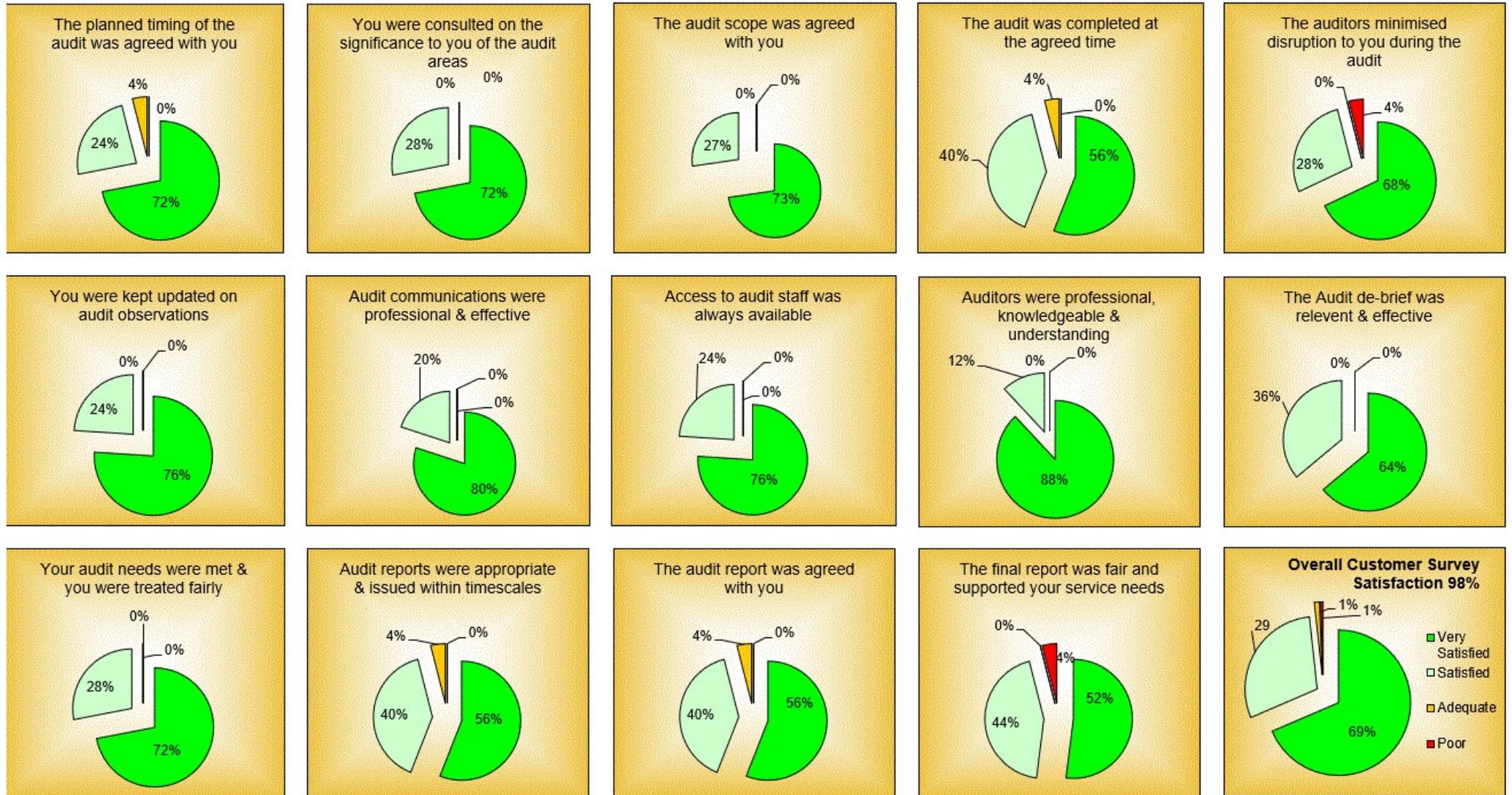
There are no national Performance Indicators in existence for Internal Audit, but the Partnership does monitor the following Local Performance Indicators LPI's:

<b>Local Performance Indicator (LPI)</b>	<b>2018/19</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2019/20</b>
	<b>Target</b>	<b>Actual</b>	<b>Full Year Target</b>	<b>Six Month Actual</b>
Percentage of Audit plan Commenced	100%	100%	100%	64.1%
Percentage of Audit plan Completed	93%	92%	93%	41.3%
Percentage of fundamental / material systems reviewed annually	100%	100%	100%	On Target
Percentage of chargeable time	65%	66%	65%	64.3%
Customer Satisfaction - % satisfied or very satisfied as per feedback forms	90%	97%	90%	98%
Draft Reports produced within target number of days (currently 15 days)	90%	98%	90%	100%
Final reports produced within target number of days (currently 10 days)	90%	100%	90%	100%
Average level of sickness absence (DAP as a whole)	2%	3%	2%	2.9%
Percentage of staff turnover (DAP as a whole)	5%	4%	13%	6.7%*
Out-turn within budget	Yes	Yes	Yes	Yes

\* Turnover – 1 new starter & 1 apprentice.

## Appendix 4 – Customer Service Excellence

### Customer Survey Results April – September 2019



## Appendix 5 - 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.	Official: Sensitive	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.
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.		
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.		

This page is intentionally blank.

## **Devon Audit Partnership**

The Devon Audit Partnership has been formed under a joint committee arrangement. 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)