

Internal Audit

Annual Audit Report 2019-20

Plymouth City Council
Audit & Governance Committee

July 2020

Official

Robert Hutchins
Head of Audit Partnership



Auditing for achievement

Introduction

The Audit and Governance 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 in 2019/20 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 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 and Governance 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 (see appendix 1) and satisfy themselves from this assurance for signing the Annual Governance Statement.

Robert Hutchins
Head of Devon Audit Partnership

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Opinion Statement

This statement of opinion is underpinned by :

Overall, based on work performed 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.

This opinion statement will support Members in their consideration for signing the Annual Governance Statement see appendix 1.

Internal Audit assesses whether key, and other, controls are operating satisfactorily within audit reviews, 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 is the responsibility of management yet may be reviewed during subsequent audits or as part of a specific follow-up process.

Directors have been provided with details of Internal Audit's opinion on each audit review to assist them with compilation of their individual annual governance assurance statements. If significant weaknesses have been identified in specific areas, these have been considered by the Authority in preparing its Annual Governance Statement which will be accompany the published Statement of Accounts for 2019/20.

The Summary Assurance Opinions chart on page 3 provides a high level "Themed" and RAG rated overview of audit coverage for 2019/20.

Internal Control Framework

The Council's overall internal control framework is considered to have 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. However, the opinion provided must be considered in light of the coronavirus pandemic, and the impact of this on the Council. Our opinion is based on internal audit work undertaken during 2019/20, the majority of which took place prior to Covid-19.

Covid-19 has required the Council to respond to the emerging challenges in new and innovative ways. The need for prompt and urgent action by officers has required new procedures to be developed and changes to some existing procedures and control arrangements. The level of impact this had in 2019/20 and which is ongoing into 2020/21 is continuing to evolve. It is not possible at this time to fully quantify the additional risk that may have arisen from such emergency and short-term measures or fully determine the overall impact on the framework of governance, risk management and control.

Risk Management

Risk management remains embedded and integrated within business planning. Robust work has been undertaken to prepare for Brexit where despite the emergence of the Coronavirus Pandemic, the date for departing the EU remains 31.12.2020. Covid-19 has required a rapid and agile response to enable safe delivery of services and provide critical services to the City.

Governance Arrangements

Governance arrangements are considered in key areas such as the Integrated Fund (CCG and PCC) to ensure that the Council's interests are protected. Management also make specific requests such as the review of Gifts & Hospital and the governance and administrative arrangements for Fleet and Garage.

Performance Management

The strategy is key to the successful delivery of services and is established for 'business as usual' and change programmes. Regular reporting to management, leadership team and the Council should ensure effective performance management. This is of crucial importance as the Council responds to the challenges of Covid-19.

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.
Substantial 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.

Summary Assurance Opinions

Service Area Overview of Audit Coverage									
Customer & Corporate and Finance		People & Children's Services		Place		Public Health		Executive Office	
Summary of key audit reviews	Health & Safety	HMO Licensing	Governance and administrative arrangements for Fleet & Garage Services	Taxi Licensing	Trade Accounts	Data Quality Customer Experience Indicators			
	Procurement SS – under £25k	Private Sector Enforcement	SWH Street Lighting Cost Plus Verification	Business Continuity Within the Supply Chain Follow-Up		Gifts & Hospitality			
	Deputyships Follow Up	Dynamic Purchasing System	Plymouth & South West Devon Joint Local Plan						
	Client Financial Services F/Up	Children Independent Placements	Street Scene and Waste Services Overtime						
	Schools Financial Value Standards	Children's Multi Agency Safeguarding Arrangements							
	Devon Business Rates Pool								
Core Assurance	Business Processes & Governance	Corporate Information Management			Grant Certification			Annual Governance Statement	
	Key Financial Systems	Main Accounting	Treasury Management	Payroll	Debtors	Creditors	Council Tax	Business Rates	Housing Benefits
	ICT	Cyber Security			HR/Payroll New Business Solution				

Note: Assurance opinions are 'RAG' rated to support the overall assurance opinion for the year (Red = fundamental weaknesses, Amber = improvements required, Green = good and high standard). The ratings are relevant at the time of the audit review and assurance may have improved since that time. Areas shaded blue denote opportunity or value added work.

Value Added

We know that it is important that the internal audit service seeks to "add value" whenever possible and we believe 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.

We trust that officers have found our engagement, support as a "trusted advisor" effective and constructive in these significantly changing times.

Detailed below is some of the feedback received from those audited during 2019/20.

Customer & Corporate (inc Exec Office & Finance)

- "A big thank you for undertaking this audit for us and for being so flexible in your approach. We knew of some issues with self-service and we had our suspicions about the level of compliance but, your report certainly brings this all to the forefront. The timing could not be more salient and is the perfect document upon which we can springboard our new proposed design."
- "The consultation during the planning phase allowed good time for everything to be considered in detail. Really pleased that the report not only details what was found but provides detailed feedback and clear recommendations to support improvements. The auditor was really helpful; very clear and would define any elements we didn't understand at the outset. He has an engagement and collaborative style which is useful to put anyone taking part at ease."
- "Thank you very much for the audit on gifts and hospitality. The audit provided much needed additional resource and focus to this area which we hadn't been getting quite right in terms of clarity and briefings, and the focussed recommendations have helped us to target immediate improvements."

Place

- JLP – "I felt the recommendations were very helpful and useful to the development of the team. We have a Partnership Board at the end of July and I think it would be good to aim to present the report to that meeting."
- Appreciation was expressed following our prompt response to an unplanned request for an audit of communicated figures for the provision of labour, support, transport and plant costs for the Street Lighting Service.
- In respect of our work on Fleet and Garage the manager said that, "whilst I understand your scope is not about should or shouldn't we outsource, this work can cover aspects/facts/ recommendations that can help to inform this. Essentially having an independent view will be important."

People (inc Children's Services & Schools)

- Our review of Child Independent Placements added value "as it provided objective recommendations"; "summarised and added weight to issues that I was aware of"; "as always the involvement of audit was beneficial and very much partnership working".
- In response to the follow-up review of Client Finance Assessments the Strategic Director for People emailed the auditor to say "thank you for your part in improving the service. It is good to see such progress."
- "The audit (Public Sector Enforcement in the Private Rented Sector) has been a success and focused some of the development works required to not only ensure compliance but also improve delivery to which I am grateful."
- The school considered that the auditor "was very good at explaining everything including the new SFVS requirements, always approachable and very professional, gave us tips and website links etc".

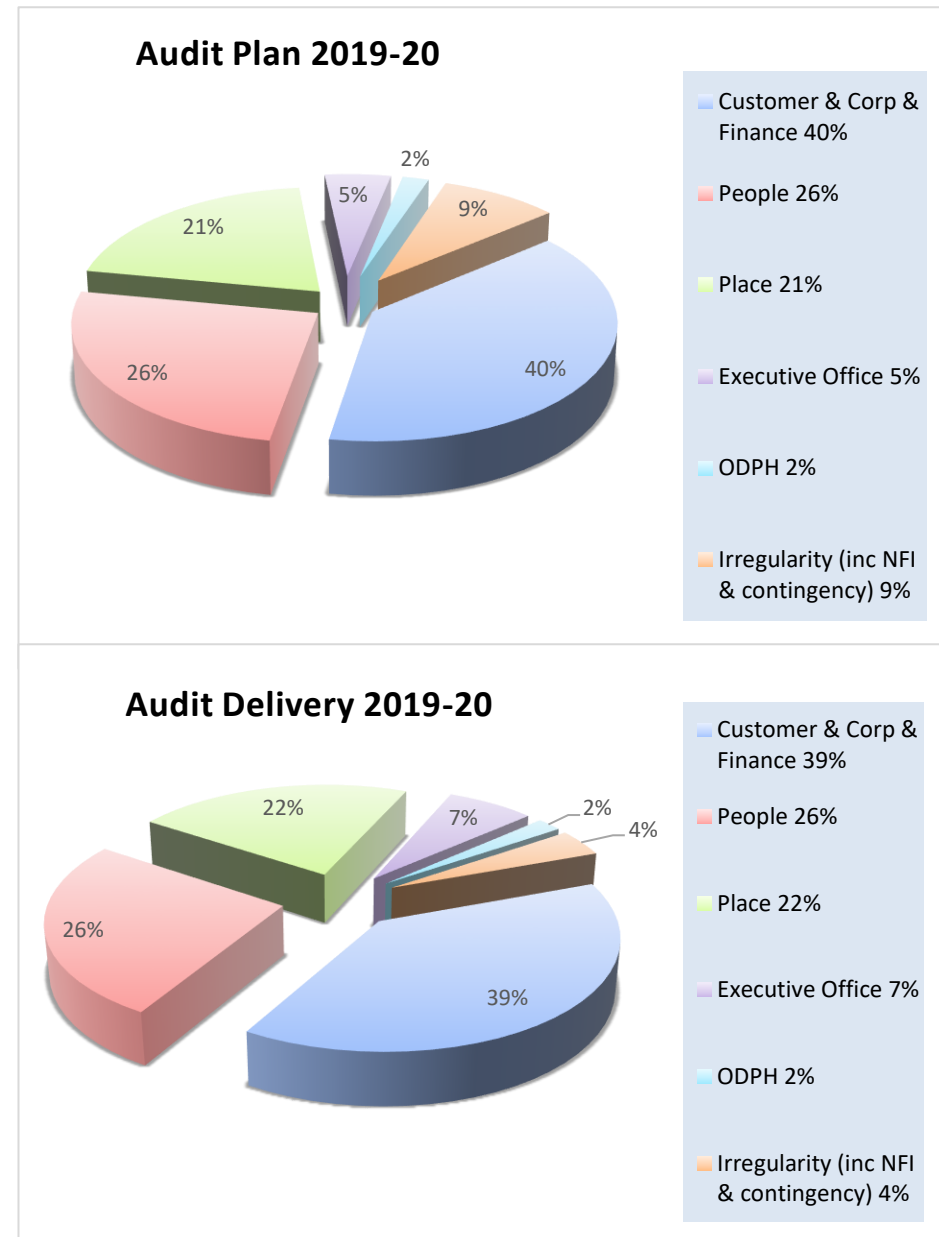
Audit Coverage and Performance Against Plan

The pie charts on the right shows the breakdown of audit days planned by service area / type of audit support provided. The balance of work has varied during the year as can be seen from comparison with the second chart. Variations have been with the agreement of the client.

Appendix 4 to this report provides a summary of the audits undertaken during 2019/20, along with our assurance opinion. Where a “high” or “good” standard of audit opinion has been provided we can confirm that, overall, sound controls are in place to mitigate exposure to risks identified; where an opinion of “improvement required” has been provided then issues were identified during the audit process that required attention. We have provided a summary of some of the key issues reported that are being addressed by management. It should be pointed out that we are content that management are appropriately addressing these issues.

It will be noticed that there is a small variation in the percentage split across service areas. The audit plan was developed in consultation with management across the Council and agreed by the Audit and Governance Committee in March 2019. However, local authorities are working in a rapidly changing environment and the audit plan needs to be flexible and able to reflect and respond to the changing risks and priorities of the Council to ensure it remains valid and appropriate. Any changes to the audit plan have been agreed with management and reported to the Audit and Governance Committee throughout the year.

Some work was undertaken at the end of 2019/20 at the request of management as the Council worked to put into place new and innovative solutions to address the challenges brought by Covid-19. Assurance work will continue into 2020/21 and will be reported to the Audit and Governance Committee in due course.



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.

Notable results include the cancellation of over 200 blue badges or concessionary bus passes where the badge / pass holder had passed away and the identification and cancellation of Council Tax single person's discount claims which were found to be no longer valid. The value of the single person's discount claims amounted to £374k.

Irregularities – DAP continue to provide management with a range of advice and support on courses of action or improvements to controls on an ad hoc basis and as part of broader audit reviews.

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 will prepare a separate end of year report for the Audit & Governance Committee summarising work they have undertaken.

Appendix I - Assurance Opinion and Extract Executive Summaries for 2019/20

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
Executive Office		
Core Assurance - Other		
Data Quality ANA – High	Value Added Status: Draft	<p>The review highlighted that whilst the Customer Experience indicator process forms a sound baseline for the Council’s public facing activities and measurement, opportunities remain for the use of data within the organisation. The 23 customer indicators for Street Services were formed from the services’ service standards, but not all lend themselves well to the provision of meaningful metrics. Opportunities for improvement include:</p> <ul style="list-style-type: none"> • measurement of activities with volumes that were too low for meaningful analysis (skewing percentiles); • target response times that did not relate to the risk; • value of spend for some activities was considered too low to add much value to operational needs; • lack of metrics being used to add real value by measuring delivery of business outcomes and strategies. <p>The Council is yet to uniformly exploit its data assets to provide robust metrics and intelligence to properly inform decision making in respect of all of its agendas, strategies and delivery of individual business plans. Full utilisation of a corporate wide data analysis tool, such as Power BI, would enhance the ability to maintain data quality.</p> <p>All the issues highlighted are understood by Street Services management.</p>
Gifts & Hospitality ANA - Medium	Improvements Required Status: Final	<p>Following our work to evaluate the adequacy and effectiveness of policy and procedures in respect of Gifts and Hospitality we concluded that although the requirement for Members and Officers to declare gifts and hospitality is contained within key governance documents, they only provided a high-level statement with a focus on hospitality and did not clearly or consistently set out the rules for receiving and giving of gifts and hospitality.</p> <p>In response to our findings it was agreed that Senior Governance Officers would work with colleagues in Legal and HR to ensure instructions for declaring offers and/or receipts as well</p>

as the provision of gifts and hospitality are unambiguous and clearly communicated.

Customer and Corporate / Finance

Core Assurance – Key Financial System

Council Tax ANA - Medium	Good Standard Status: Final	<p>Internal control within the Council Tax system continues to operate at a good standard. Bills were accurate and sent out on time, valuation schedules are updated promptly and recovery action, in most areas, is undertaken in a timely manner.</p> <p>Key recommendations were:</p> <ul style="list-style-type: none"> • Write-off procedures to be documented to minimise the risk of oversight or error; • Failure to clear the down the £1.65m of credits sitting on Council Tax accounts; • No decision made as to how accounts that are "Returned for Committal" should be dealt with; • Improved visibility of aged debt stratified across years.
Business Rates (NNDR) ANA – Low	Good Standard Status: Final	<p>System parameters and automated controls have ensured billing accuracy and valuation schedules are updated promptly. Recovery action continues to effectively follow procedure with escalation to the external enforcement agents where necessary.</p> <p>Key recommendations were:</p> <ul style="list-style-type: none"> • Action needs to be taken to reduce the number and value of accounts in credit (£1.475m Mar'20) • No decision made as to how accounts that are "Returned for Committal" should be dealt with; • As data regarding current arrears and aged debt is collected there is the opportunity to give it greater visibility by reporting it as part of the Service Centre Scorecard.
Housing Benefits ANA - High	Good Standard Status: Final	<p>Audit testing undertaken on a sample of new claims and change event assessments did not identify any assessment errors likely to impact on the Council's subsidy claim. Additionally, the error rate (affecting subsidy) reported as part of the department's QA work is currently standing at 4%, which is a notable reduction from the 9% reported for 2018/19.</p> <p>The administration of housing benefit overpayment recovery continues to be consistent with the improvements made in recent years. The department produce comprehensive debt management reports on a monthly basis, providing management with visibility of the level of</p>

		<p>debt and effectiveness of recovery procedures. Active monitoring enables prompt action to be taken on cases where repayment arrangements and other payment methods default. The DWP's Housing Benefit Debt Service provide access to HMRC data where deductions from ongoing benefit cease to enable the department to identify employment and where necessary, recover direct through employers.</p>
<p>Main Accounting ANA - High</p>	<p>Good Standard Status: Final</p>	<p>The control environment for the maintenance of the General Ledger is sound and ensures that budgetary and transactional data is effectively recorded. Information from feeder systems is checked and any variances identified, investigated and resolved with the exception of the Tranman Fleet Management system for which there is no effective reconciliation process (for 2019/20 circa 4,000 transactions with a value of £1.7m).</p> <p>Cash and bank is regularly reconciled and subject to secondary review.</p> <p>Whilst virements over £500k are included within the quarterly monitoring reports to Cabinet where approval of the report is taken as authorisation for the virements there remains a lack of evidence retained within the main accounting system to demonstrate approval of virements.</p> <p>The system has e-budgeting capabilities which over time could potentially create some additional capacity within the Finance Service but realisation of this opportunity will require accountancy staff to champion and refine this method of budget monitoring with their budget holders.</p>
<p>Treasury Management ANA – Medium</p>	<p>High Standard Status: Final</p>	<p>Overall the Treasury Management (TM) system continues to operate to a High Standard with robust governance arrangements and operational processes in place and complied with.</p> <p>TM activities are in accordance with approved strategies and expert advice continues to be provided by the external consultants, Arlingclose, who play an important role in shaping investment strategies.</p> <p>Cash flow forecasting and the management of the Council's main bank account operates well. Records held to support loans and investments were complete and accurate.</p> <p>Monitoring and reporting of TM activity continues to be regular and transparent with the Audit and Governance Committee providing independent scrutiny of Treasury Management policy and procedures. The Treasury Management Board continues to meet regularly, with the members receiving regular updates of trading activity.</p>

Creditors ANA - High	Good Standard Status: Draft	<p>Overall the controls operating within the Creditor system continues to operate at a good standard.</p> <p>However, over time the level of input that service users have in procuring, raising orders and paying invoices has reduced because these tasks are predominantly undertaken by Procurement and the Service Centre. Whilst this ensures appropriate separation of duties and efficient payment of invoices, when the automated system controls prevent a transaction from being processed e.g. disputed invoice, the service user's knowledge and experience of the whole procurement and payment system is now so limited that they do not always understand what is required of them. To ensure that the full benefits of any change in process or system efficiencies introduced are realised, in-house training should be developed and made available to users.</p>
Purchasing ANA – High	Improvements Required Status: Final	<p>Whilst the updated system of internal control implemented to enable the new self-service purchase order process for goods, services and works under £25k was found to be of a good standard, the requirement to ensure quotations are obtained in accordance with Contract Standing Orders is not enforced by the Civica Purchasing Module and compliance with the prescribed process has not been adhered to by users. Feedback obtained from users was that although they are clear on the need to obtain quotations, the new electronic request for quotation process was unwieldy and inefficient.</p> <p>The Procurement Team are reviewing the self-service process for the purchasing of goods, services and works valued under £25k to improve efficiency and ensure compliance.</p>
Debtors ANA – Medium	Good Standard Status: Final	<p>Automated controls and the use of exception and management information reports ensure the accuracy and completeness of financial data. There has been a drive to identify and clear old debt from the system where it is considered irrecoverable and to concentrate on proactive action in chasing up debt which can realistically be collected, including emails and telephone calls to the debtors.</p> <p>The pre-defined recovery routes continue to be used to take effective and timely recovery action. Arrangements to pay were used appropriately with routine recovery action reinstated where debtors defaulted. When all recovery options had been exhausted general sundry debtors are referred to the External Collection Agencies and are actively monitored.</p> <p>Adult Social Care debt is a sensitive area with vulnerable clients, sometimes with mental capacity issues and much time and resources has been invested in building better communications between the Service Centre, Adult Social Care and Livewell Southwest to</p>

		<p>tackle some of the largest debts and most complex cases.</p> <p>We have highlighted the issue of out of date and superseded policies and guidance on Staffroom. With publication dates going back to 2006, an effort needs to be made to review, update, add or remove documents as appropriate.</p>
<p>iTrent – Payroll ANA - Medium</p>	<p>High Standard Status: Final</p>	<p>Overall the controls within Plymouth City Councils Payroll system, administered and processed by Delt Payroll Services continue to operate at a High Standard ensuring that Council employees have been paid accurately, on time and in accordance with their contract of employment.</p> <p>Amendments to payroll data are input and approved via the employee and manager self-serve module, access to which is controlled through strict user access profiles driven by the organisational structure. Delt Payroll Services implement a robust process of control and agreement to ensure the accuracy and completeness of payroll expenditure.</p> <p>Statutory data is routinely submitted to HMRC through the Real Time Information System, in-built controls ensure complete, accurate and valid data is submitted in accordance with requirements.</p> <p>Delt's Head of Payroll, submits performance information to the Retained Client Group, made up of senior HR, Finance and Transformation Officers from PCC. All service level agreement targets have been met.</p>
<p>Core Assurance - Other</p>		
<p>Devon Business Rates Pool</p>	<p>Value Added Status: Final</p>	<p>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.</p>
<p>Finance & Assurance Review Group (FARG) ANA – High</p>	<p>Value Added Status: On-going</p>	<p>FARG provides oversight, scrutiny and assurance of the integrated fund and internal audit continue to have a seat on FARG providing real time support and challenge.</p>

Client Request		
Corp Information Management ANA – High	Value Added 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 periodically upon the Management Information Security Forum (MISF). Information management issues continue to be recognised within work conducted by Internal Audit in order to provide overall assurance.
HR/Payroll Business Solution ANA – High Client Request	Value Added Status: On-going	<p>Delt are implementing the CoreHR HR/ Payroll system, employing a suitably skilled and experienced Project Manager (PM) to assist in fulfilling timelines and delivering required outcomes. Internal Audit have performed a watching brief by liaising with the Delt PM to gain oversight and provide independent assurance to PCC as the project progresses.</p> <p>Work is being conducted to resolve and manage a number of issues encountered with the CoreHR solution being implemented by Delt. The impact of the Corvid 19 crisis has introduced additional challenges and it is now planned to perform parallel runs in June, July, August and September to allow sufficient confidence before issuing notice to Midland on iTrent, with ‘Go Live’ for the October 2020 pay cycles.</p>
Health & Safety ANA – High	Improvements Required Status: Final	<p>The Council’s Health and Safety Performance Standard for the Management of Control of Exposure to Vibration has been updated and we have reviewed procedures and processes employed in Street Services including the arborists, Bereavement Service and Mount Edgecumbe Country Park for recording exposure to Hand Arm Vibrations for employees and agency staff.</p> <p>23 recommendations were made, of which 18 have been completed and 5 require on-going work. The Head of Health, Safety and Wellbeing Assurance has subsequently requested that DAP undertake a follow-up review to provide an update on progress. This work has just commenced, we plan to report in July.</p>
Procurement ANA – High Client Request	Value Added Status: Complete	We continue to work collaboratively with the Corporate Procurement Team. Work 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 remained 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 & 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.
Cyber Security ANA – High	Value Added Status: Draft	<p>Following the compromise of a limited number of user accounts on the new Office 365 platform and, concerns over corporate password quality, Internal Audit conducted a review of the appropriate Office 365 project workstreams and analysed the account compromise incidents.</p> <p>The review concluded that whilst some weaknesses manifested within the project lifecycle, these were not solely down to individuals or, a few specific events. Furthermore, weaknesses arose due to an aggregation of events as opposed to there being significant procedural errors. Lessons have been learnt within PCC and Delt with processes to be updated as appropriate following proper analysis.</p> <p>The granular examination of the account compromises failed to categorically identify their source, further demonstrating the complexity of this area. The intelligence gained from the review is to be shared with PCC and Delt.</p>
General Data Protection Regulation (GDPR) Related Work ANA – High, Client Request	Status: In-progress	<p>Work is underway to look at where and how the Councils key Information Assets are held. The review will confirm the accuracy of the Information Asset Register (IAR) for key core systems and identify what data interdependencies exist within core systems.</p> <p>It is further intended that the review will provide information to assist with the assessment of suitability (and opportunity) for the use of alternative data repository solutions that offer better value for money.</p>

Review of the following area has been deferred at the request of the client.

- Temporary & Interim Employees ANA – High, Client Request

ODPH

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 st 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	Good Standard Status: Final	Suppliers were surveyed and an assessment of supply chain risks identified in preparation for a “No Deal” style Brexit. Work has also been undertaken on the way in which the Council captures corporate contract information and where a service or supply is identified as key and critical, Procurement have advised that they will work with the service to include questions on business continuity as part of the tender process.

People

CareFirst - Children Independent Placements ANA – Medium Client Request	Improvements Required Status: Final	<p>The introduction of the new digitalised forms have linked in a new dashboard reporting tool for Managers, Commissioning and Finance to give an overview of the budget situation and a one page overview for each child/young person which includes the individual's spend summary. Training was provided along with drop in support sessions, change champion contacts and guidance notes.</p> <p>More work is required to encourage and embed the use of the dashboards, both for management information and for data quality purposes, including ensuring that requests for expenditure and placements are submitted through the correct channels of authorisation, follow correct processes and that validation checks are carried out and errors corrected.</p> <p>Information from the CareFirst system feeds into the finance area of the dashboard and shows the total spent to date with a projected forecast of spend over the financial year. There a number of variations between the CareFirst and Finance figures due to some payments being made on invoice instead of through CareFirst and the CIPs Payment Run.</p>
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		<p>Regular reconciliations between the CareFirst dashboard and the Finance spreadsheet ensure all expenditure has been captured but effort needs to continue in transferring the payments still made on invoice. This will provide visibility on the individual's record, enable the dashboard to calculate all future financial commitment and reduce the need for additional record keeping and reconciliation.</p>
<p>Commissioning Contracts ANA – Medium, Client Request</p>	<p>Status: Complete</p>	<p>A brief overview of the contracts and some audit testing was undertaken as part of the Children Independent Placements (CIPs) review detailed above, including ensuring that for the Independent Placement Contracts reviewed, an overarching contract was in place and fees paid were in line with the agreed payment schedule.</p> <p>Our findings were incorporated into the CIPs report.</p>
<p>Finance & Assurance Review Group (FARG) ANA – High Client Request</p>	<p>Status: On-going</p>	<p>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.</p>
<p>Safeguarding Arrangements ANA - Medium</p>	<p>Value Added Status: Complete</p>	<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>
<p>HMO Licensing ANA - Medium Client Request</p>	<p>Good Standard Status: Final</p>	<p>The system and procedures deployed by the Housing Improvement team in the licensing of HMOs is generally of a good standard but there are some elements within the end to end system which require improvement. These include:</p> <ul style="list-style-type: none"> • Some applications submitted but due to missing information and inconsistent/ ineffective follow-up action had not been approved at the time of the audit;

		<ul style="list-style-type: none"> • Legislation requires physical inspections of properties within 5 years of the application being received but inspection targets for quarter 1 and 2 were missed. A member of the team had left and a recruitment process was underway; • Overdue Gas Safety certificates – whilst an annual Gas Safety check is the legal responsibility of the landlord, failing to have evidence that up to date gas certification is in place could put the reputation of the Council at risk in the event of a gas safety incident. <p>A new system was in development which will allow all of Community Connections to use just one system. The system will be rolled out in phases to individual teams and we anticipate the improved technology will provide the tools to enable more effective monitoring and reporting to address the matters raised above.</p>
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. 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	Good Standard Status: Final	The Dynamic Purchasing System used in the procurement of disabled facility adaption works operates to a good standard. Procurement of disabled facility adaption works is undertaken in a controlled, fair, and transparent way through the DPS in accordance with policy, statutory duty, and procurement rules. Adequate records and audit trails are maintained. The system also enables management of the delivery of disabled adaption works in accordance with individual needs, policy and procurement rules through the additional workflow module.
Children's Short Break Contracts ANA – Medium, Client Request	Status: In-progress	Section 25 of the Children and Young Persons Act 2008 requires every local authority to provide services designed to assist individuals who provide care for children with disabilities to continue to do so, or to do so more effectively by providing them with breaks from caring. Children are eligible for short breaks when they have a profound and complex physical or mental impairment, which has a substantial and long-term effect on their ability to carry out day-to-day activities. We will evaluate and report on the adequacy of controls, processes and procedures operating for providing short breaks for children in Plymouth.

Legal Care Proceedings (Children) Follow-Up ANA – Medium	Status: In-progress	Work is in underway to verify progress in implementing the agreed action plan from our original review which was “improvements required”.
School Transport Client Request	Status: Complete	Time was spent with the service to agree the scope of the work to be undertaken which was to review the processes being employed by the School Transport Team to determine if they are sustainable in the current economic climate whilst ensuring that statutory requirements are met. We were then stood down as the “transformation team” were to undertake a review of school transport and that review would encompass everything DAP were planning. Information and intelligence that had been gathered by the auditor was provided to the School Transport Team who thanked us and advised that it was very useful.
Integrated Care Partnership ANA - Medium	Value Added Status: Complete	DAP provided some high-level audit input to 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 eleven claims during the year where the PCC achieved the maximum claim target of 2380 families resulting in PBR income of £1.9m. We continue to work with the Families with a Future Team to ensure the Troubled Families Outcome Plan has been updated in accordance with the new 2020/21 financial framework to maximise income whilst ensuring the accuracy and completeness of key data and that demonstrable evidence of intervention is maintained.
Schools Financial Value Standards (SFVS)	Good Standard Status: Final	SFVS Dedicated Schools Grant Chief Finance Office assurance statement for 2018/19 was submitted to the Department for Education.
<p>Review of the following areas have been deferred to 20/21 at the request of the client.</p> <ul style="list-style-type: none"> • Anti-Social Behaviour Tools ANA – Medium, Client Request • Special Guardianships (Children) ANA – High 		
Place		
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	Value Added Status: Ongoing	DAP reviewed the ‘as is’ position of the current Tech Forge system and the benefits of moving to the cloud-based system, reviewing and providing feedback on the business case which has subsequently obtained approval.

Client Request		<p>We have also worked with the Council's Asset Data Controller to review the preparatory work undertaken in respect of the planned data migration to the Cloud.</p> <p>As the above work moves forward during 2020/21 we are in the process of scoping and agreeing the extent of further assistance and assurance DAP can provide.</p>
Commercial Properties – Digitisation of the Proforma Process	Value Added Status: Final	<p>The digitisation of the proforma process has delivered a range of improvements which, overall, will create a far more robust process and provide greater assurance that property transactions are being processed in accordance with agreements and consequently that income and the interests of the Council are being safeguarded.</p> <p>There does remain a risk with billing, for example, through potential data entry error within the Service Centre. Currently, the proposed digital proforma process does not mitigate this risk as the surveyors do not have the means to check Civica for accuracy in the same way that they are required to do with Tech Forge. This risk is exacerbated given that surveyors are only informed about billing when it relates to payment defaults / bad debt and as such an error at the outset has the potential to go undetected throughout the lifecycle of a lease agreement.</p> <p>DAP will be undertaking an 'end to end' review of commercial rent billing during 2020/21 and will be able to further assess the extent of any risk and potential mitigation in addition to assessing how the digitisation process has been 'bedded in' across the Council.</p>
Garage ANA – Medium Client Request	Value Added Status: Final	<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</p>

		<p>work in progress the service is beginning to gain a clearer insight of its 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>
Fleet Management ANA – Medium Client Request	Value Added Status: Final	<p>The Fleet Service is a small team with extensive administrative responsibilities that are key to the Council retaining an operator’s licence with the VOSA. The service has begun to develop a formal Fleet Operating Policy and comprehensive set of written processes and procedures. Whilst some key procedures, such as a new Drivers Handbook, have been completed, this remains a work in progress.</p> <p>The Fleet Manager inherited an ageing fleet and has completed a business case for a rolling 6-year replacement programme. The service has developed intelligence and analysis from fleet data to support the business case. The ability and capacity of Fleet staff to prioritise such intelligence-based tasks is challenged by their extensive administrative responsibilities. It is intended to streamline tasks, such as the administration of driver licence checks, in order to free up capacity</p>
Fleet & Garage Management ANA – Medium Client Request	Value Added Status: Final	<p>Consideration has been given to whether the current independent management of Fleet and Garage within the Council structure is the most beneficial option.</p> <p>There are clear links between the two services and the duties of one area does have an impact on the other. The service areas work closely together, with weekly meetings between the two teams at both a team and management level, however, it could be argued that if both service areas were under the same management there would be greater opportunity for collaboration and open and honest communication.</p> <p>However, 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 capacity required to effectively manage a large Council fleet (with the separation of duties allowing the Fleet Manager to concentrate on the one service area).</p> <p>Given the current demands on the two service areas and significant work streams such as the fleet replacement and garage modernisation, overall, it is not considered that there is a compelling case for restructuring the two areas into a single service at this particular point</p>

		in time.
Street Scene and Waste Services Overtime Expenditure Client Request	Value Added Status: Final	<p>The processes for recording and authorising overtime in operation during 2018/19 were found to be inconsistent, with several different systems in use across the service and a paucity of management information available to allow management 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 October 2020.</p> <p>Administrative changes made within the service at the start of 2019/20 together with the implementation of 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 programme manager to liaise with Street Services Management to consider user requirements for CoreHR.</p>
Street Lighting Contract	Value Added Status: Final	<p>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>
Plymouth and South West Devon Joint Local Plan ANA – Medium Client Request	Good Standard Status: Draft	<p>The Governance structure, consisting of the JLP Partnership Board, JLP Senior Management Team and JLP Team has been established and is working effectively, with roles and responsibilities defined and understood. Governance arrangements have been further strengthened with a new collaboration agreement agreed in January 2020 by the three Councils. This further defines the management arrangements for the JLP team as well as the role of the management board.</p> <p>Continuous evaluation and development of the governance and monitoring arrangements in place is evident and demonstrates good practice, although with a small team of five Officers capacity to deliver change at pace is limited. Communication and prioritisation of work programmes and plans alongside interim reporting through performance dashboards will enable the Partnership Board and the Senior Management Team to better understand and jointly inform the ongoing work of the JLP Team.</p> <p>Production and publication of the first joint Housing Position Statement (HPS) and joint Authority Monitoring Report (AMR) was made in accordance with key deadlines.</p>

Insurance Claims ANA – Medium, Client Request	On-Hold	The scope of our work is to review the Council’s ability to successfully defend insurance claims within Highways, Fleet & Garage but due to Covid-19 and the need to maintain social distance, it is not possible for us to examine the many paper records and our work has been put on-hold until it is safe to resume later in 20/21.
Trade Waste Follow-Up ANA – Medium	Cancelled	Due to significant changes to the trade waste operation, we have agreed with management to cancel the follow-up review and allow more time in the 20/21 audit plan to undertake a full review of the system and processes now in operation.
Grants		
Grant Certification Statutory	Regulatory Requirement	Grants certified without amendment: <ul style="list-style-type: none"> • Regional Growth Fund GAIN 201819 • Regional Growth Fund Oceansgate 201819 • LGF Northern Corridor • LGF Eastern Corridor • LGF Derriford Hospital Interchange • LGF Charles Cross and Exeter Street • LTCB Int Transport & Highway Mtce 31/224 & Pothole Action Fund 31/3221 • National Productivity Investment Fund 31/3222 • RGF Derriford Transport Scheme • IBCF Disabled Facilities Capital Grant 31/3337

Appendix 2 - Professional Standards and Customer Service

Conformance with Public Sector Internal Audit Standards (PSIAS)

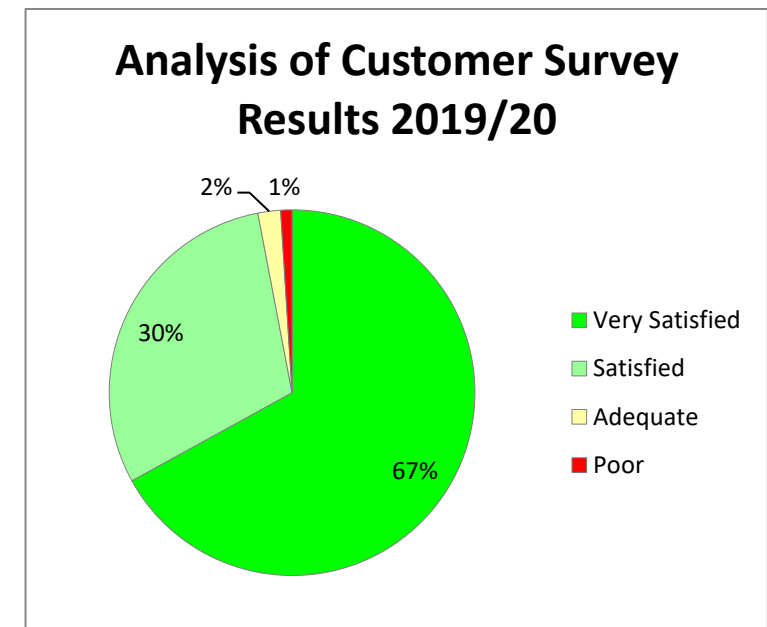
Conformance - Devon Audit Partnership conforms to the requirements of the PSIAS for its internal audit activity. The purpose, authority and responsibility of the internal audit activity is defined in our internal audit charter, consistent with the *Definition of Internal Auditing*, the *Code of Ethics* and the *Standards*. Our internal audit charter was approved by senior management and the Audit and Governance 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. Our development plan is regularly updated, and a status report was reported to the Management Board in October 2019.

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 97% being "satisfied" or better across our service, see appendix 7. 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 – Audit Authority



Appendix 4 - Annual Governance Framework Assurance

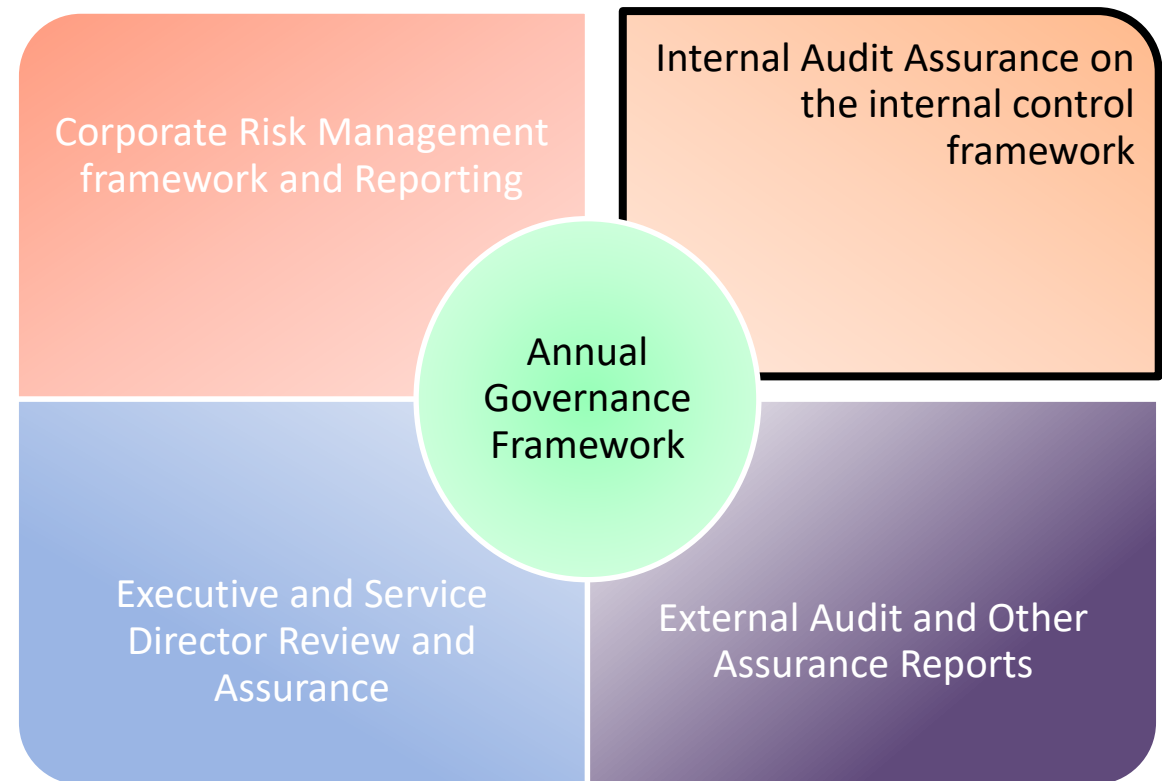
The conclusions of this report provide the internal audit assurance on the internal control framework necessary for the Committee to consider when reviewing the Annual Governance Statement.

The Annual Governance Statement provides assurance that

- the Authority's policies have been complied with in practice;
- high quality services are delivered efficiently and effectively;
- ethical standards are met;
- laws and regulations are complied with;
- processes are adhered to;
- performance statements are accurate.

The statement relates to the governance system as it is applied during the year for the accounts that it accompanies. It should: -

- be prepared by senior management and signed by the Chief Executive and Chair of the Audit and Governance Committee;
- highlight significant events or developments in the year;
- acknowledge the responsibility on management to ensure good governance;
- indicate the level of assurance that systems and processes can provide;
- provide a narrative on the process that has been followed to ensure that the governance arrangements remain effective. This will include comment upon;
 - The Authority;
 - Audit and Governance Committee;
 - Risk Management;
 - Internal Audit
 - Other reviews / assurance
- Provide confirmation that the Authority complies with CIPFA / SOLACE Framework *Delivering Good Governance in Local Government*. If not, a statement is required stating how other arrangements provide the same level of assurance



The AGS needs to be presented to, and approved by, the Audit and Governance Committee, and then signed by the Chair.

The Committee should satisfy themselves, from the assurances provided by the Corporate Risk Management Group, Executive and Internal Audit that the statement meets statutory requirements and that the management team endorse the content.

Appendix 5 - Basis for Opinion

The Chief Internal Auditor is required to provide the Council with an opinion on the adequacy and effectiveness of its accounting records and its system of internal control in the Council. In giving our opinion, it should be noted that this assurance can never be absolute. The most that the internal audit service can do is to provide reasonable assurance, formed from risk-based reviews and sample testing, of the framework of governance, risk management and control.

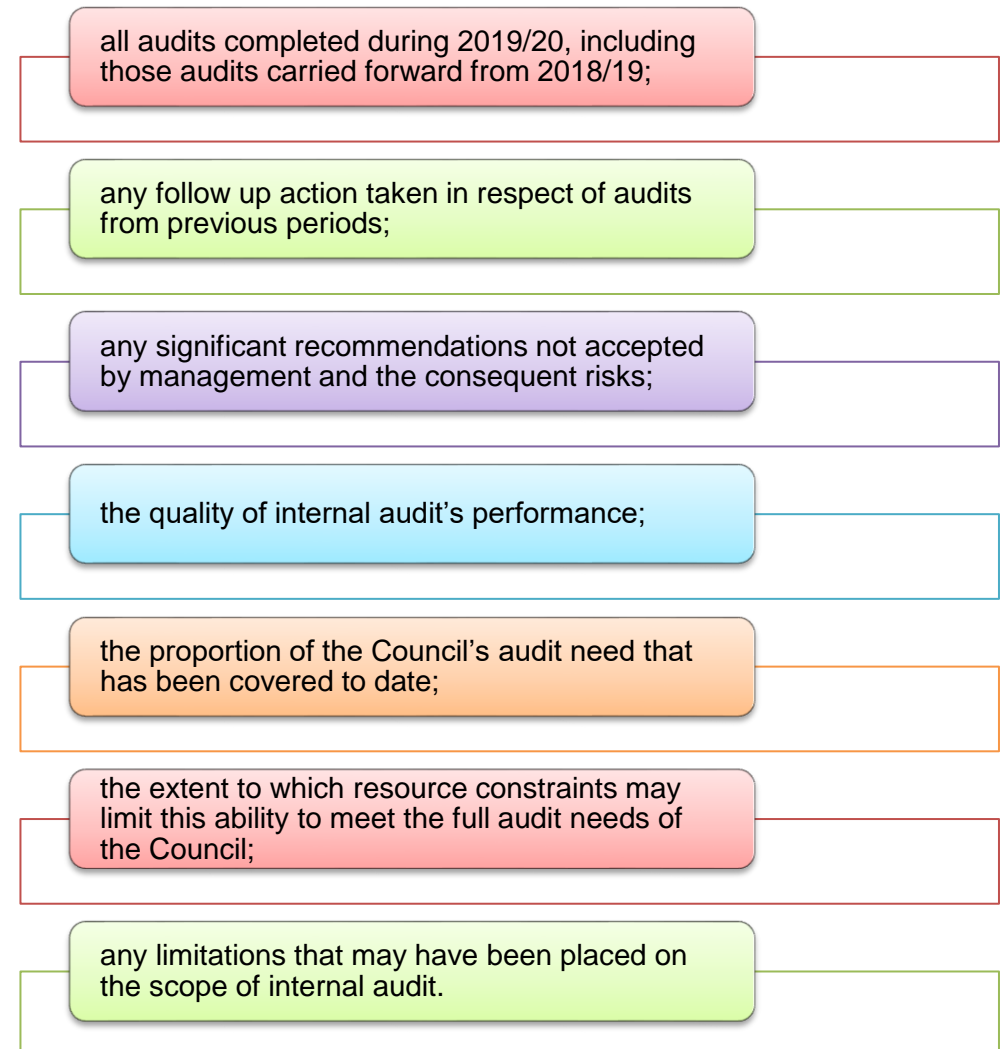
This report compares the work carried out with the work that was planned through risk assessment; presents a summary of the audit work undertaken; includes an opinion on the adequacy and effectiveness of the Authority's internal control environment; and summarises the performance of the Internal Audit 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 statement on the effectiveness of the system of internal control in meeting the Council's objectives;
- a comparison of internal audit activity during the year with that planned;
- a summary of the results of audit activity and;
- a summary of significant fraud and irregularity investigations carried out during the year and anti-fraud arrangements.

The extent to which our work has been affected by changes to audit plans has not been notable this year. Whilst certain changes have been made from the plans originally agreed this has been due to changes in operational business needs

As a result, some work originally included within the audit plan was no longer relevant or has been deferred to a later date to fit with client needs and current objectives. These changes do not limit the overall audit assurance opinion.

In assessing the level of assurance to be given the following have been taken into account:



Appendix 6 – Performance Indicators

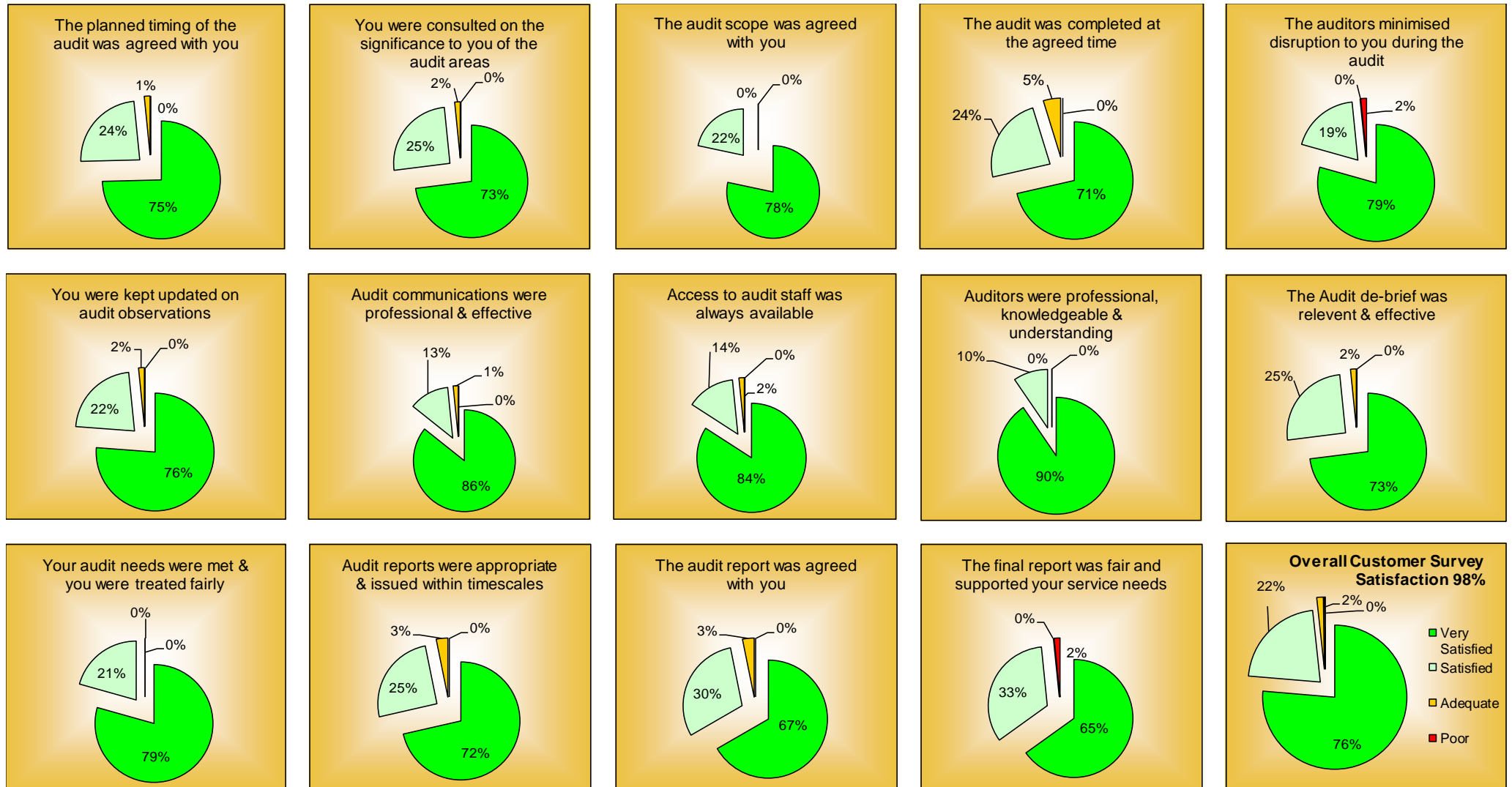
There are no national Performance Indicators in existence for Internal Audit, but the Partnership does monitor the following Local Performance Indicators LPI's:

<i>Local Performance Indicator (LPI)</i>	<i>2018/19</i>	<i>2018/19</i>	<i>2019/20</i>	<i>2019/20</i>
	Target	Actual	Target	Actual
Percentage of Audit plan Commenced (Inc. Schools)	100%	100%	100%	100%
Percentage of Audit plan Completed (Inc. Schools)	93%	92%	93%	95.5%
Percentage of fundamental / material systems reviewed annually	100%	100%	100%	100%
Percentage of chargeable time	65%	66%	65%	66%
Customer Satisfaction - % satisfied or very satisfied as per feedback forms	90%	97%	90%	97%
Draft Reports produced within target number of days (currently 15 days)	90%	98%	90%	99%
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%	3%
Percentage of staff turnover (DAP as a whole)	5%	4%	5%	4%
Out-turn within budget	Yes	Yes	Yes	Yes

Sickness relates to DAP overall and varies at the different DAP locations

Appendix 7 - Customer Service Excellence

Customer Survey Results April 2019 - March 2020



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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 .