

# DAP - Internal Audit Half Year Report 2021-22

## Plymouth City Council Audit & Governance Committee

November 2021

Official

Robert Hutchins  
Head of Audit Partnership



Auditing for achievement

## Introduction

This report provides a summary of the performance against the internal audit plan to date for the 2021/22 financial year, summarising our main findings and recommendations aimed at improving controls where our work has been finalised.

The key objective of the Devon Audit Partnership (DAP) is to support the Council and provide assurance on the adequacy, security and effectiveness of the systems and controls operating across the organisation.

The Internal Audit plan for 2021/22 was presented to, and approved by, the Audit and Governance Committee in March 2021. With the rapid pace in local government, it is essential that we continue to work with management and to “flex” the plan as appropriate to ensure that the work we deliver has the correct focus.

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

## Expectations of the Audit and Governance Committee from this half year report

Members are requested to consider:

- the assurance statement within this report,
- the completion of audit work against the plan,
- the scope and ability of audit to complete the audit work,
- any audit findings provided,
- the overall performance and customer satisfaction on audit delivery, and
- review and approve the in-year changes to the audit plan.

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 2021/22 and our experience from the current year progress and previous years' audit, the Head of Internal Audit's mid-year assurance opinion is "Reasonable Assurance" on the adequacy and effectiveness of the Authority's internal control framework.**

Work included in the 2021/22 audit plan includes assurance, risk, governance and value-added engagements which, together with prior years audit work, provide a framework and background within which we assess the Authority's control environment. Should any significant weaknesses be identified in specific areas, these would need to be considered by the Authority when preparing its Annual Governance Statement later in the year.

When undertaking reviews, we assess whether key, and other, controls are operating satisfactorily and that exposure to risk is minimised. An opinion on the adequacy of the control environment is provided to management as part of the audit report. All audit reports include an action plan detailing the management responses to be taken to address any risk and control issues identified during a review. Progress with the implementation of each action plan is tracked by Internal Audit with the Finance Service incorporating the outcome of that work into the Audit Actions Review report. That report is a standing item on the Audit and Governance Committee agenda.

<b>Substantial Assurance</b>	A sound system of governance, risk management and control exists across the organisation, with internal controls operating effectively and being consistently applied to support the achievement of strategic and operational objectives.	<b>Limited Assurance</b>	Significant gaps, weaknesses or non-compliance were identified across the organisation. Improvement is required to the system of governance, risk management and control to effectively manage risks and ensure that strategic and operational objectives can be achieved.
<b>Reasonable Assurance</b>	There are generally sound systems of governance, risk management and control in place across the organisation. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of some of the strategic and operational objectives.	<b>No Assurance</b>	Immediate action is required to address fundamental control gaps, weaknesses or issues of non-compliance identified across the organisation. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of strategic and operational objectives.

## Review of Audit Coverage

Social distancing requirements mean that there is not enough space to have everyone working in the office as we did prior to COVID-19 and along with the majority of Council officers, Devon Audit Partnership continue to conduct our audit work remotely. This way of working is now embedded and effective and reasonable progress has been made in the first half of the year, including completion of any work carried forward from 2020/21.

The Electoral Services Team continue to progress service improvement initiatives with recommendations made in our 2020/21 report appropriately actioned providing substantial assurance around the remediation of historic weaknesses. We have also reviewed the data quality checks conducted to ensure the integrity of the electoral role and the recent Local and Police & Crime Commissioner elections and found them to be appropriate and performed to a high standard.

Cyber-attacks are on the increase with Redcar & Cleveland and Hackney a recent example of local authorities being hit by criminal ransomware attacks. These incidents were last February and October respectively, with each estimated to have cost up to £10m to rectify. The focus of our work this year has been on the arrangements in place to effectively identify potential vulnerabilities in the Council's IT network and ensure the timely mitigation of potential security risks.

We have now commenced work on the review of the corporate risk management framework which operates across the Authority. With changes in officers, this is a collaborative piece of work with key officers within the Executive Officer to consider the arrangements currently in operation and to identify opportunities to strengthen and enhance the framework to ensure that risk management is an embedded process across the organisation.

This year we have seen a significant increase in the number of grants received by the Council requiring internal audit certification. Whilst many of these are the usual type of grants, for example monies for highways infrastructure, there are a number of additional grants as a result of the pandemic. All grants audited to date have been certified as being in accordance with the requirements of the relevant grant determination.

A table showing the status of planned, unplanned and deferred audits and their associated reported executive summaries is contained at Appendix I.

## 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 2021-22 exercise, DAP co-ordinated the extract of relevant Council datasets, as defined by the Cabinet Office and matches were returned in respect of the following areas of the Council's operations:

- Council Tax,
- Creditor Payments,
- Council Tax Support and Housing Benefits,
- Payroll / Pensions,
- Transport Passes (including blue badges and concessionary bus passes),
- Covid 19 Grants.

Council departments have been processing the matches received with the most notable results reported in respect of the transport passes data where a total of 82 blue badges and 540 concessionary bus passes have been cancelled. The estimated saving to the Council is £47,150 in respect of the blue badges and £12,960 for concessionary bus passes. The Council were not aware that the badge / pass holder was deceased until reviewing the NFI matches provided.

**Irregularities** – DAP have provided management with a range of advice and support on courses of action or improvements to controls. DAP had received one report under the Whistleblowing Policy but when we looked into the matter, we found that the situation was already known to management who had taken the appropriate steps to address the situation.

**Active Counter Fraud Investigation** – The Counter Fraud Services Team within DAP continue to provide 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.

## Appendix I - Assurance Opinion and Extract Executive Summaries – up to 15 October 2021

Areas of Review	Assurance Opinion	Residual Risk / Audit Comment
<b>Customer and Corporate</b>		
The following key financial reviews are not due to commence until the second half of 21/22		
<ul style="list-style-type: none"> <li>• Creditors</li> <li>• Main Accounting</li> <li>• Debtors</li> <li>• Icon Cash / Bank Receipting System</li> </ul>	<ul style="list-style-type: none"> <li>• Housing Benefits</li> <li>• Treasury Management</li> <li>• Payroll</li> </ul>	
Business Rates	Status: In Progress	Work has begun on the annual review of the Business Rates system. In recent years controls and compliance have been found to be consistently operating to a good standard and, as such, for 2021/22 a walkthrough of the system will be undertaken to verify that the control framework remains unchanged. Limited testing will be undertaken where controls are operating as expected, with priority given to areas where weaknesses were identified within the previous audit, during initial testing or where they are subject to new or amended procedures and / or legislation.
Council Tax	Status: In Progress	Work has just commenced on this review and will include a follow-up of the 2020/21 report to confirm the actions taken in response to the agreed recommendations. We have found that controls and compliance has consistently operated to a good standard therefore we will undertake a walkthrough of the system to verify the adequacy of the control framework with audit testing focussed on areas of change or where any weakness is identified.

Areas of Review	Assurance Opinion	Residual Risk / Audit Comment
Material Systems – System Admin & Backup	Status: In Progress	<p>User Admin is reliant upon operational processes within both PCC and Delt and any weaknesses within either organisation would negatively impact the overall effectiveness. Work has been undertaken to assess the effectiveness of processes to administer user accounts for the Council’s key IT business systems. Delt’s new Core HR Payroll system now embedding there are potential opportunities to make improvements in this area.</p> <p>Delt has successfully implemented a new Backup solution that provides potential benefits in respect of resilience, continuity and the security of data assets it serves to protect. The ability to reinstate services effectively is of fundamental importance due to the risk posed by potential Cyber-attacks.</p>
Payroll (iTrent System) Payroll (CoreHR) Material System – Reviewed Annually	Reasonable Assurance Status: Draft	<p>The migration from iTrent to CoreHR was found to be well managed with data subject to a rigorous process of control and agreement. The current controls operating within the payroll system provide assurance that inappropriate or inaccurate amendments will be detected and prevented.</p> <p>Amendments to payroll data are primarily input by employees using the employee self-serve module and approved by their designated Managers through the manager self-service module, access to which is controlled through user access profiles, or initiated through electronic Firmstep Forms where appropriate authorisation, and action is managed through predetermined workflows.</p> <p>Delt Payroll Services continue to implement a process of control and agreement to ensure the accuracy and completeness of payroll expenditure.</p> <p>Audit findings have been discussed with management and the final report will be issued once management responses to our recommendations have been received.</p>
Business Rates Grant Post Event Assurance (Additional Restrictions Grant / Closed / Local Restrictions Support Grant)	Reasonable Assurance Status: Final	Assurance was reported in September 2021 Progress Report, please refer to that report for details.

Areas of Review	Assurance Opinion	Residual Risk / Audit Comment
Additional Holiday Pay <i>Not included in original plan</i>	Value Added Status: Complete	Assurance was reported in September 2021 Progress Report, please refer to that report for details.
Cyber Security	Added Value Status: Draft	<p>There is a need to learn from the growing catalogue of high-profile cyber-attacks, paying particular attention to the ever-increasing use of ransomware. Our review concluded that the risk environment has changed and that this requires the Council to recognise the need to focus more directly upon its information security risks and mitigating strategies and operational functions.</p> <p>IT security is a fundamental necessity, and we consider that it would be advisable to further define and designate IT security requirements to better understand what costs should be ring fenced. The creation of an IT Security Board, or Group, would strengthen governance and help provide the necessary focus on a risk area that now needs greater attention and wider understanding. Operational IT Security functions must become more pro-active, particularly for activities such as network scanning used to identify potential vulnerabilities and ensure the timely mitigation of potential security risks.</p> <p>The findings have been discussed with key auditees and we await management responses for inclusion within the final report.</p>
Safer Recruitment (Disclosure & Barring Service (DBS) Checks )	Limited Assurance Status: Draft	<p>Our review found that the Council's DBS process has been negatively impacted by previous restructures and erosion of knowledge resources. It is important that this is considered as part of ongoing restructuring to ensure that there is sufficient resource and knowledge to enable the Authority to discharge its duties to the standards required.</p> <p>The results of substantive testing provides a reasonable level of assurance that staff and volunteers are appropriately certified, but there is room to improve corporate wide process transparency and the holistic view of responsibilities across the Council.</p> <p>Recommendations have been made to strengthen governance, operational processes, and data quality.</p>

Areas of Review	Assurance Opinion	Residual Risk / Audit Comment
		<p>Audit findings have been discussed with management and the final report will be issued once management responses to our recommendations have been received.</p>
Acting Up & Additional Duties	Reasonable Assurance Status: Draft	<p>The internal control framework for managing Acting Up and Additional Duties arrangements provides reasonable assurance that Council employees are paid accurately, on time and in accordance with council policy, equal pay legislation and contract of employment.</p> <p>The use of Firmstep forms and Employee/Manager Self Service portals ensure that due consideration of need and appropriate authorisation, is given prior to amendments being made to payroll records.</p> <p>Payroll records accurately record the Acting Up and Additional Duty arrangements and calculation of pay. Senior Management receive monthly reports that set out monthly and rolling year to date expenditure.</p> <p>Audit findings have been discussed with management and the final report will be issued once management responses to our recommendations have been received.</p>
IR35 Off-Payroll Working	Status: In Progress	<p>The objective of this review is to provide assurance that the operating processes and procedures correctly identify and treat Off Payroll Working within the Authority in accordance with HMRC Off Payroll Working Rules 2017 (IR35). (Updated 6th April, 2021).</p> <p>Recent IR35 Status Reviews undertaken by HMRC found several public sector organisations (DWP, Home Office, HMCTS) had incorrectly identified their off payroll obligations. The findings resulted in total fines of £129.5m, demonstrating the importance of fully understanding and adhering to the rules.</p> <p>The April 2021 update extends LA responsibilities to include checking the status of <b>all</b> off-payroll workers and issuing a Status Determination Statement to the worker or the intermediary company.</p>

Areas of Review	Assurance Opinion	Residual Risk / Audit Comment
		Work is being undertaken to review current documentation and to assess the effectiveness of processes. Testing of key controls is underway to provide assurance that the Council is meeting its statutory requirements in terms of correctly determining the employment status of all off payroll workers, whilst maintaining accurate records and appropriately mitigating against the risks associated with non-compliance.
Council Bank Accounts	Status: In Progress	Work is nearing completion on verifying the purpose of all bank accounts linked to the Council. This includes review of the usage of the "Trust" accounts over the last three years. Where the account has had no movement we will look to ascertain if there is anything that legally prevents the Council from transferring the residual balances to other "Trust" accounts that are more active.
Schools Financial Value Standards (SFVS)	Status: Complete	Assurance was reported in September 2021 Progress Report, please refer to that report for details.
Software Application Licensing <i>Not included in original plan</i>	Status: In Progress	<p>The purpose of this audit is to report on the effectiveness of software license management arrangements, to protect the Council from risk associated with breaching software licencing terms and resultant financial penalties.</p> <p>Work is currently underway with DELT to review operating practices and to establish, document and evaluate compliance with the terms and conditions for all corporate application software licenses.</p>

The following reviews are not due to commence until the second half of 21/22

- Cash Handling
- Management of Grants
- Covid-19 Grants
- Risk Management in Treasury Management
- PFI Contract
- Procurement

- Client Financial Services
- Health & Safety
- Governance - Capital Programme
- O365 Follow-Up
- Payment Modernisation Project currently on hold

Areas of Review	Assurance Opinion	Residual Risk / Audit Comment
<b>Executive Office</b>		
Electoral Services (Follow Up)	Reasonable Assurance Status: Draft	<p>The Electoral Services Team continue to progress service improvement initiatives and the majority of recommendations made in our 2020/21 report have been appropriately actioned. This has led to an opinion that there is now “Substantial Assurance” around the ‘Remediation of Historic Weaknesses’. DAP have also reviewed the data quality checks conducted to ensure the integrity of the electoral role and the recent Local and Police &amp; Crime Commissioner elections and found them to be appropriate and performed to a high standard.</p> <p>The Electoral Services Team have learnt from the past and now demonstrate that, where minor issues arise, they respond quickly to remediate and manage appropriately. Indeed, they have identified issues with the Civica Xpress system that other Authorities have failed to recognise, which further demonstrates a high degree of understanding and awareness.</p> <p>The reporting functionality within the Xpress solution has shown recent signs of deteriorating effectiveness following program changes made by Civica. The potential use of Microsoft's Power BI to provide supplementary reports and analytics should be strongly considered.</p>
Gifts & Hospitality Follow-Up	Incorporated into the Declaration of Interest report	<p>Following discussion with the Head of HR Consultancy it is recognised that a corporate wide review of declaration of interest policies, procedures and processes, including Gifts and Hospitality has been initiated. This wide-ranging review is being undertaken following a number of Internal and External Audit recommendations, and a recognition that a comprehensive, consistent approach is embedded throughout the Constitution, employment requirements and employee management systems, with the potential for a single overarching declaration of interest policy. It is therefore appropriate that the results of this audit is consolidated within the Declarations of Interest report with the outstanding recommendations and management update included as appendix to that report.</p>

Areas of Review	Assurance Opinion	Residual Risk / Audit Comment
Declarations of Interest (Officers)	Limited Assurance Status: Draft	<p>We can provide assurance that there are processes and procedures in place to manage potential and actual conflicts of interests for officers working in higher risk business areas such as Planning, Legal, Procurement and Strategic Commissioning but the for the wider workforce, there is scope to review, update and publish corporate guidance.</p> <p>Following recent discussions with the Head of HR Consultancy we have learned that a corporate wide review of declaration of interest policies, procedures and processes has been initiated. In light of this discussion, we have incorporated the work undertaken in our follow-up of gifts and hospitality (above) as an appendix to the Declaration of Interest Report.</p>
Risk Management	Status: In Progress	<p>We will evaluate the adequacy and effectiveness of risk management arrangements operating across the Council. Failure to have robust arrangements in place could lead to the Council's strategic and operational objectives not being realised as risks are not identified, understood or proactively managed. This review will consider the following areas:</p> <ul style="list-style-type: none"> <li>• Risk Management Framework, Strategy and Policy to include an assessment against current recognised best practice and evaluation of alignment with council business planning, governance and performance tools.</li> <li>• Roles and Responsibilities, including ownership, accountability, culture and communication.</li> <li>• Risk Management Information, Reporting and Monitoring, to include quality, consistency and effectiveness of risk registers, usability of risk data, use of risk in decision making, measurement and understanding of risk appetite, risk capacity and risk exposure, frequency and effectiveness of reporting.</li> </ul>
<b>People (Adults &amp; Children's)</b>		
OLM Eclipse Project	Status: Ongoing	<p>DAP continues to provide real-time support and challenge to the Eclipse Project Board and additional formal advice has been provided regarding Business Change processes. Work to assess configuration and functionality requirements has been completed. The intended 'Go Live' date for Eclipse for Children's Services of 1st April 2022 is extremely challenging, not least due to potential scheduling and availability of OLM staff. So long as</p>

Areas of Review	Assurance Opinion	Residual Risk / Audit Comment
		momentum is carried forward into the training and early life phases this does not represent a material risk at this stage.
Children's Additional Spend	Limited Assurance Status: Draft	<p>This review focussed on spend which is additional to placement costs and identified that there is a need to improve monitoring of "additional"/"other" spend. The spend dashboard on CareFirst had not been accessed by any officer during the period April 2021 to June 2021. This area of the dashboard breaks down payments made via invoice, credit card and petty cash - areas where there is little other oversight. In addition, payment by these methods is time consuming resulting in double handling of the transaction, first in the payment and then in inputting into CareFirst to update the child's financial history.</p> <p>Payments to one provider was above the level at which a contract should have been in place. The service must discuss their requirements with Strategic Commissioning and identify any similar areas which would also require a procurement exercise. Recommendations made, once implemented will enable the service to identify trends, reduce duplication and identify potential savings.</p>
Special Educational Needs & Disability (SEND) Contracts	Status: In Progress	SEND contracts sit outside the Strategic Co-operative Commissioning Team and processes. Processes for contracting within the 0-25 Team rely on manual processes which may not align with contracts with other children's services. We are reviewing the systems and procedures for SEND contracts to ensure that the arrangements for placing children are secure and allow for effective commitment and forecasting of expenditure.
Families with a Future (Payment by Results)	Regulatory Requirement	DAP have completed five verification audits and certified two quarterly payment by results claims in the year to date. Plymouth City Council have a target of 416 families to support them to achieve significant and sustained progress for a range of outcomes and/or a move into continuous employment. As at the quarter two claim to 30 <sup>th</sup> September 2021, payment by results claims have been made for 235 families (56% of target).

Areas of Review	Assurance Opinion	Residual Risk / Audit Comment
Finance & Assurance Review Group (FARG)	Status: Ongoing	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.
Pre-Paid Cards	Status: In Progress	The review will understand and evaluate how pre-paid cards are administered and used across Adult Social Care, Children's Social Care, City of Plymouth Credit Union, Test & Trace and Personal Health Budgets.
Fully CATERed	Value Added Status: Final	Assurance was reported in September 2021 Progress Report, please refer to that report for details.
Alliance Contract	Status: In Progress	<p>The Council, in partnership with service users and service providers, co-designed a new complex needs system to enable people to receive the right support, at the right time, in the right place. In April 2019, 25 separate services (contracts) were brought together into The Plymouth Alliance (TPA) to create a new single system to deliver an improved experience and better outcomes.</p> <p>Work has been undertaken to review the 'Single Referral Pathway', case management processes and management visibility of financial and performance data. Meetings are being scheduled with Council staff and Service Providers to conclude this review and assess how effectively the TPA is meeting its aims and objectives.</p>
The following reviews are not due to commence until the second half of 21/22		
<ul style="list-style-type: none"> <li>• CareFirst ASC (Invoicing)</li> <li>• CareFirst (Payments)</li> <li>• CareFirst - Children Independent Placements Follow-Up</li> <li>• Special Guardianships (Children) Follow-Up</li> </ul>	<ul style="list-style-type: none"> <li>• On Course South West (OCSW)</li> <li>• Community Connections – New Business Solutions</li> <li>• Life Chances Fund (Pause Project)</li> <li>• Disabled Facilities Grants</li> </ul>	

Areas of Review	Assurance Opinion	Residual Risk / Audit Comment
<b>Office of the Director of Public Health</b>		
Public Burials	Status: In Progress	<p>Audit work is being finalised on the administrative processes in operation in respect of the identification of people who have passed away in Plymouth and who may require a public health funeral (PHF). Work undertaken has included a review of the following areas:</p> <ul style="list-style-type: none"> <li>• the recording of potential cases and the actions taken to establish whether a PHF is appropriate,</li> <li>• the identification and safeguarding of assets that could offset associated costs of a PHF,</li> <li>• communication with internal and external stakeholders,</li> <li>• the raising, authorisation and payment of PHF related costs,</li> <li>• the accessibility and transparency of PHF related information made available by the Council.</li> </ul>
<b>Place</b>		
Tech Forge Cloud – new business processes within Commercial Properties	Added Value Status: Complete	Assurance was reported in September 2021 Progress Report, please refer to that report for details.
Commercial Properties	Status: To commence shortly	<p>Following the implementation of Tech Forge Cloud and a previous departmental review of the proforma system, an ‘end to end’ review of processes operating within Commercial Properties will be undertaken during the third quarter of 2021/22. We will examine the robustness of the control framework in the context of the expected efficiencies provided by the implementation of the Cloud system and revised processes. Our review will cover the following areas:</p> <ul style="list-style-type: none"> <li>• acquisitions, disposals and amendments,</li> <li>• Financial and performance reporting.</li> </ul>

Areas of Review	Assurance Opinion	Residual Risk / Audit Comment
Highways Works Orders & Approval Process	Value Added Status: Ongoing as required by service	Initial discussions have taken place to support Highways Management to review current highway works orders and approval processes that are under significant pressure. Audit advice has been to look at implementing a risk-based approach. Highways Management will seek further audit input as changes are proposed to ensure the overall control framework is not put at risk.
<p>The following reviews are not due to commence until the second half of 21/22</p> <ul style="list-style-type: none"> <li>• Trade Waste</li> <li>• City Change Fund</li> </ul>		
Grant Certification	Regulatory Requirement	<p>Grants certified without amendment:</p> <ul style="list-style-type: none"> <li>• DFE Additional Home to School Transport 2020 - 31/5137, 31/5268 and 31/5370 (Covid 19)</li> <li>• DFT Travel Demand Management 2020/21 - 31/5127 (Covid 19)</li> <li>• Innovate UK - Clean Streets EV Infrastructure grant - 31831</li> <li>• SW LEP LGF GD20 Charles Cross</li> <li>• SW LEP LGF GD04 Derriford Transport Scheme</li> <li>• SW LEP LGF GD19 Eastern Corridor Cycle Route</li> <li>• SW LEP LGF GD18 Northern Corridor Junction Improvements</li> <li>• SW LEP LGF GD33 Oceansgate</li> <li>• SW LEP LGF GD50 Plymouth Railway Station</li> <li>• Arts Council England - Small Capital Grants (Artists and Lights) SCAP-00171800</li> <li>• PHE HIV PrEP Grant No:31/5179</li> <li>• SW LEP LGF GD42C 5G Smart Sound</li> <li>• Arts Council England – Culture Recovery Fund (The Box) ACAP-00309634</li> <li>• Arts Council England - Culture Recovery Fund Round 2 (The Box) CRFG-00379239</li> <li>• Arts Council England - Cultural Capital Kickstart Fund (The Box) ACAP-00309634</li> <li>• DFT Local Transport Capital Grant Highways Maintenance Block 31/5036</li> <li>• DFT Local Transport Capital Grant - Pothole and Challenge Fund 31/5072</li> <li>• BEIS Green Homes Grant 31/5187</li> </ul>

## Appendix 2 - Audit Standards and Customer Delivery

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

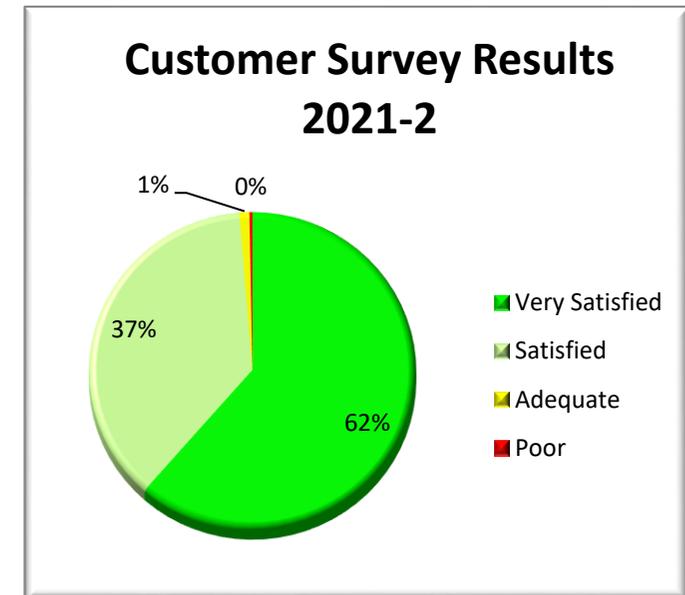
**Conformance** - Devon Audit Partnership conforms to the requirements of the PSIAS for its internal audit activity. The purpose, authority and responsibility of the internal audit activity is defined in our internal audit charter, consistent with the Definition of Internal Auditing, the Code of Ethics and the Standards. Our internal audit charter was approved by senior management and the Audit Committee in July 2020. 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. Our next External Quality Assessment (EQA) is scheduled for November 2021.

**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 provided to the Management Board.

### 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. 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 - Definitions

### Definitions of Audit Assurance Opinion Levels

### Confidentiality under the Government Security Classifications

Assurance	Definition	Marking	Definition
Substantial Assurance	“A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.”	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.
Reasonable Assurance	“There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.”	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.
Limited Assurance	“Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.”		
No Assurance.	“Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.”		

#### 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@devon.gov.uk](mailto:robert.hutchins@devon.gov.uk)

