

CITY OF PLYMOUTH

Subject: Internal Audit – 6 Monthly Progress Report
Committee: Audit Committee
Date: 16 December 2011
Cabinet Member: Councillor Ricketts
CMT Member: Director for Corporate Support
Author: Martin Gould, Head of Devon Audit Partnership
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Ref: AUD/MG
Key Decision: No
Part: I

Executive Summary:

This report reviews audit work carried out since April 2011, comments on current commitments and performance, and outlines proposed audit coverage for the remainder of the financial year.

Corporate Plan 2011 – 2014

The work of the Section assists the Authority in maintaining high standards of public accountability and probity in the use of public funds. The Section has a role in promoting high standards of service planning, performance monitoring and review throughout the organisation, together with ensuring compliance with the Council's statutory obligations. In addition, the delivery of the Internal Audit plan assists all directorates in meeting their Corporate Improvement Priorities and achieving the shared priorities for the City and the Council.

Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land

None

Other Implications: e.g. Section 17 Community Safety, Health and Safety, Risk Management, etc.

The work of the Audit Service is an intrinsic element of the Council's overall corporate governance, risk management and internal control framework.

Recommendations and Reasons for recommended action:

It is recommended that:-

- 1) the report be noted

Alternative options considered and reasons for recommended action:

None, as failure to maintain an adequate and effective system of internal audit would contravene Accounts and Audit Regulations 2003, 2006 and 2011.

Background papers:

Internal Audit Annual Plan 2011/12

Sign off:

Head of Fin		Head of Leg	TH0035	Head of HR		Head of AM		Head of IT		Head of Strat Proc	
Originating SMT Member: Martin Gould, Head of Devon Audit Partnership											

I INTRODUCTION

1.1 The Internal Audit (IA) Service for Plymouth City Council is being delivered by the Devon Audit Partnership (DAP). This is a shared service arrangement constituted under section 20 of the Local Government Act 2000; the Partnership was formed on 1st April 2009.

1.2 Plymouth's IA Plan for 2011/12 was submitted to, and agreed by, the Audit Committee on 25th March 2011. The purpose of this report is to provide an overview of the work undertaken by the IA Service, and achievement against performance indicators set for the first half of the 2011/12 financial year.

2 REVIEW OF AUDIT COVERAGE 6 MONTHS ENDED 30th SEPTEMBER 2011

2.1 Overall, good progress has been made against the plan agreed with management for the 2011/12 financial year. Progress in the first six months has included completion of work carried forward from 2010/11, undertaking follow up audits on areas where significant findings were made in the previous year, and in completing assignments in accordance with timescales agreed with management.

2.2. Appendix 1 attached shows the total number of direct audit days ended 30th September 2011 compared with the total number of days originally planned for the year. In total, the actual number of days used in the first half of the year is in line with expectations and DAP remain confident that we will be able to complete those audits planned for the 2011/12 financial year. A table showing the status of planned audits and their associated reported executive summaries is contained at Appendix 2.

2.4 Systems / Procurement Reviews

2.4.1 Systems audits accounted for the largest element of the audit plan for the first 6 months of the year and a full summary of reviews undertaken is included in Appendix 2. Individual audit opinions for each review are also included in Appendix 2.

2.4.2 Under the Managed Audit arrangements, the External Auditor looks to place reliance on the work undertaken by Internal Audit to assist them in determining their opinion as to whether or not the annual accounts provide a true and fair view of the Council's position. The reviews of the key financial systems (eg payroll, council tax etc) are now underway. To commence this work earlier in the year would not provide sufficient assurance that the controls have operated effectively throughout the year.

2.4.3 Of particular note is the work undertaken by DAP on monitoring of PCH. DAP have concluded a review of the governance and monitoring arrangements introduced as part of the transfer of the City's housing stock to Plymouth Community Homes in November 2009. Our review found arrangements to monitor transfer promises and commitments to be of a good standard with a robust effective governance structure in place. With the abolition of the Tenant Services Authority (TSA), independent regulation has passed to the Homes Communities Agency (HCA) but to a lesser degree and with more reliance on tenant and stakeholder involvement. Consideration of the new regulatory framework, changes in the level of inspection and their impact on current governance arrangements has been subject to a further piece of work by DAP and our findings reported to senior management

2.4.4. In addition, DAP have been able to certify that the Council has fulfilled its obligations with regard the submission of data and compilation of supporting evidence for the CRC Energy Efficiency Scheme.

2.4.5. Appendix 2 details progress against the plan for all systems reviews completed, in progress, or scheduled. The appendix also highlights reviews which have been cancelled or deferred by the client, and also additions to the plan.

2.3 Projects

2.3.1 DAP continue to support and advise various project teams set up to oversee procurement, construction or system / service implementation projects, by providing assurance on project governance, the management of risks facing each project as well as the compliance with procurement practices and procedures, particularly where Competitive Dialogue has been utilised. Projects include major procurements such as the South West Devon Waste Partnership, the continuing construction of the BSF One School Pathfinder (OSP) project at the former Estover College, as well as the Life Centre and its associated projects which include the letting and mobilisation of the Leisure Management contract. Further, DAP were invited to provide advice and support to the team tasked with the purchasing of 15 refuse collection vehicles. Audit were present at meetings held to develop the procurement approach and specification and provided comments on draft documents before they were issued to prospective bidders. Projects involving the implementation of new systems or services include Payroll Procurement & Transfer from SAP. Internal Audit assist in identifying any key project risks and issues, and monitors the way these have been managed and controlled as well as ensuring that good project governance is established and maintained. DAP continues to support and advise the South West Devon Waste Partnership on governance and risk issues.

2.4 ICT (Computer Audit)

2.4.1 The review of ICT organisational controls concluded that ICT is operating with the framework of corporate policies, strategies and plans and has sound procedures to manage workforce planning, development and training. However the current workload of the ICT department is extremely challenging and the risk of failing to fulfil customer expectations is ever present. ICT team managers already acknowledge that there is a need to re-examine the department's demand management procedures with a view to ensuring that its 'Business as Usual' functions are adequately resourced whilst, at the same time, its project workload does not exceed its ability to deliver in accordance with customer expectations and agreed time scales.

2.4.2 Our review of the IT aspects of partnership working indicated a lack of clear corporate procedures to govern the arrangement and implementation of operational partnerships. Individual business areas which identify partnership arrangements inevitably focus on service delivery without always understanding the technical aspects of any proposed ICT solutions. Appropriate controls need to be put into place to ensure that any proposals receive appropriate technical scrutiny at an early stage and that the necessary technical support is provided through to the "live" environment.

2.4.3. The audit of the Program Management System (PMG) found that the sheer number of projects ICT are required to deliver remains a concern.

The good progress made by ICT in respect of the embedding of the Information Technology Information Library (ITIL) methodology throughout the service serves to regulate the change

process required to deliver these projects. The introduction and use of the Microsoft Project Server project management software also provides a useful tool to manage and record individual projects, including resource management. Whilst its use is still being embedded into operational procedures it does represent a significant improvement.

2.4.4. Following the failure to pay teachers in July DAP were asked to undertake a review of the incident and its causes. We found multiple layers of sound controls built into the BACS salary payments system and, provided they are applied, they will ensure that payments are made on time. The failure was the result of human error and we made three minor recommendations to further strengthen the existing procedures. DAP consider that the response to the situation was well organised and all of the departments involved co-operated well with each other to ensure that everything ran smoothly and professionally.

2.4.5. We found the arrangements to manage IT “events” reported to the service desk were of a good standard. The service desk provides a central point of contact and employs standard procedures and workflows embedded within Supportworks. We made some recommendations aimed at supporting ICT’s desire to continually improve service delivery and customer satisfaction.

2.4.6 We found the operation of the existing Academy housing benefit application modules to have a good standard of internal control. The system architecture has sufficient capacity, processing power and resilience. Security was found to be of a good standard overall. Physical access to hardware is satisfactory and logical access to the back end database is restricted to a small number of ICT staff. Users access the database via a virtual host, which is physically separate from the servers holding the core database, providing a good degree of protection. Data backup arrangements are working well.

The introduction of the new Self Service modules is still in the early stages and it was therefore not been possible to carry out the level of testing on implementation that had originally been planned. Delays have been caused due to the need to upgrade the core applications, operating system and database. Some recommendations have been made that will assist in ensuring best practice is used during the implementation of the modules.

2.5 School Audits and Financial Management Standard in Schools (FMSiS)

2.5.1 The Partnership arrangements for school audit are well established with an efficient service being delivered across all 3 Partners and improvements have already been seen in several areas. Good progress has been made on the delivery of the schools plan this year with approximately 30% complete to date of the planned 31 primary, 1 secondary and 1 special schools (see appendix A). The work is biased to the second half year in line with the education years calendar. Presently we hope to deliver the plan by the year ending 31st March 2012. Details of schools visited are included in Appendix 2b

2.5.2 It continues to be a challenging time with the introduction of the new Schools Financial Value Standard (SFVS), academy school transfers and not least the national challenges that face local government through budget and staffing reductions. In light of this the achievement against plan to date is positive.

2.5.3 The Schools Financial Value Standard was developed by DfE to replace the FMSiS to help governors, in particular, in self-evaluating the quality of their financial management and to aid in improving schools financial management. The Standard is intended to cover standards

- 2.5.4 You will no doubt be aware that the DfE announced the SFVS at the very end of the Summer Term with an implementation date of 1st September 2011 and have set two key deadlines for achievement. All schools that were not accredited to FMSiS (phase 1) will need to submit their SFVS Self-assessment to their LA by the 31st March 2012. All Schools that were accredited (phase 2) will need to submit their SFVS Self-assessment before the 31st March 2013.
- 2.5.5 The purpose of the SFVS is to make the best use of resources in the education system, to achieve the best possible outcomes for children. DfE have made this a mandatory requirement for all schools and are changing the scheme of delegation to fit this requirement. We were part of the DfE consultation and pilot study on the SFVS which, in general, received positive comment from the pilot schools.
- 2.5.6 We continued to audit schools against the FMSiS, where they chose so to do, up until the end of last financial year. We have not audited schools against the FMSiS since then, rather we have focussed the audit effort on the core requirements of the Local Authority. We have still made recommendations in areas of governors skills and financial benchmarking as these areas continue to form part of the new standard.
- 2.5.7 The main areas where there are issues remain the same as previous years and relate to ineffective governance, poor financing of the development plan and the absence of benchmarking. Areas which schools continue to struggle with also include:
- demonstrating good governance;
 - lack of costing and financial backing for school development plans;
 - no benchmarking;
 - procurement authorisation;
 - lack of evidence to support value for money testing
 - incomplete or effective inventories.
- 2.5.8 DAP have continued to provide support and advice to those involved in various school construction projects, namely Tor Bridge High and High View as well as projects that form part of the Basic Needs Programme. In addition, DAP have been invited onto the Academies Delivery Project Board and also asked to support the forthcoming project at Boringdon Primary

2.6 Special Investigations and Anti-fraud Work

2.6.1 In the first six months of this financial year Internal Audit has received 14 matters requiring investigation which were received from officers and members of the public. Investigations into 5 of those concerns have now been completed and investigations are ongoing in respect of the remaining cases. In addition, 8 cases carried forward from 2010/11 have been completed.

2.6.2 Examples of the type of irregularities investigated include:-

- Misuse of Council property;
- Misuse of computer resources;
- Breaches of the Council's Code of Conduct;

- Loss of income;
- Breaches of confidentiality.

- 2.6.3 A significant amount of audit resource has been provided to a complex ongoing investigation into alleged major financial irregularities within a Plymouth school. Internal Audit staff have been working alongside the Finance Officers and others within the Authority and the School and the issues are subject to an on-going Police investigation.
- 2.6.4 Internal Audit continues to sit on the Management Information Security Forum. The forum has responsibility for ensuring clear direction and visible management support for security initiatives together with promoting greater security awareness within the organisation.
- 2.6.5 The National Fraud Initiative exercise for 2010/11 is coming to an end. The exercise has been run every two years since 1996 and, under the arrangements, all councils are required to provide the Audit Commission with data for cross-matching with information supplied by other organisations, such as the Department for Work and Pensions and the NHS, to identify potential cases of fraud and error. Data has been provided for areas such as payroll, creditors, care homes, various types of licences as well as parking permits and blue badges.
- 2.6.6 The data extraction for the current exercise took place in October 2010 with the data matching report received from the Audit Commission in February 2011. This identified 15060 matches of which the Audit Commission categorised 2892 as “recommended”. 5171 of the above matches related to Creditors data which the department are already checking through the use of specific software purchased following the last NFI exercise. As a result, these matches have been disregarded. Auditors have been coordinating and monitoring the matching exercise and the resulting investigations where discrepancies in the matched data have been reported.
- 2.6.7 To date, 2447 matches have been processed with a further 49 currently under investigations. The deadline for completing the processing of data matches is set for the end of 2011 and the Council is on target to meet this deadline.

2.7 Consultancy / Advice

- 2.7.1 Internal Audit continues to be consulted by all departments throughout the Authority on many and varied topics including, interpretation of Financial Regulations / Standing Orders, retention of prime documents, reclaiming grant funding, school lettings, VAT, internal controls etc.
- 2.7.2 The pro-active involvement of Internal Audit in control issues relating to new systems and changes, assists in protecting the Authority from loss, fraud and abuse. This early involvement is also intended to prevent unnecessary criticism when a formal audit review is undertaken and departments are actively encouraged to seek advice at the outset of any changes.

2.8 Whistleblowing Policy

- 2.8.1 The Whistleblowing Policy, which was refreshed and approved by the Audit Committee in July 2010, aims to encourage staff to raise any legitimate concerns they may have in relation to the

Council's activities. This policy, which supports the Council's Anti Fraud and Corruption Policy, makes it clear that concerns can be raised without fear of reprisals.

2.8.2 A total of two Whistleblowers have come forward during the period 1 April 2011 to 30 September 2011, of which:

- Investigations remain ongoing into allegations concerning the decision making of a member of staff which was contrary to the Council's working practices and procedures.
- Investigations remain ongoing into allegations regarding a failure to comply with financial regulations concerning the safeguarding of an asset, inappropriate payments and poor financial procedures.

2.9 Grants

2.9.1. DAP have been able to certify a number of grant claims on behalf of the Authority as required by the terms of the grant funding. DAP were able to confirm that records provided an accurate reflection of expenditure incurred and that the expenditure was exclusively incurred for the purposes set out in the grant offer.

2.10. Internal Audit Development

2.10.1 As mentioned in para 1 above Devon Audit Partnership became operational on 1st April 2009. Since that time there has been ongoing development of integrating audit programmes, procedures and associated processes.

2.10.2 The formation of the Partnership enabled the procurement of an Audit Management System which is designed to create efficiencies in the delivery of audits and thereby performance improvement. Migration from previous manual audit systems to the new Morgan Kai Insight Audit Management System (AMS) was completed in the first half of 2010 and many of the benefits arising from new methods of working are now beginning to be realised.

3 ADDED VALUE

3.1 Internal Audit is committed to providing value for money to the Council and its stakeholders and, where possible, to identify examples of specific, tangible benefits achieved. The following are examples of recent benefits delivered:-

3.2 DAP were able to provide management with the assurance that systems and processes were in place to enable officers to compile the necessary information and evidence for the CRC Energy Efficiency Scheme accurately, in time for the submission deadline in July.

3.3 DAP has continued its watching brief of the Council's implementation of a call centre management system and other associated telephony and communications projects. Our observations on the process and key issues have been reported in a briefing note to management, issues that include technical complexity and integration, systems administration, training and staff development, quality assurance and call monitoring, compliance with Data Protection Act and Payment Card Industry requirements, data security, risk management and business continuity.

3.4 DAP has undertaken work in respect of CRB checking to ensure risks are appropriately managed. PCC appeared to be compliant in the majority of areas with the CRB Code of Practice. and the use of SAP has ensured that CRB data can be properly managed and is utilised effectively.

However, the future of SAP and the potential for the electronic submission of CRB Disclosure checks are both important factors to be considered in relation to the system used to record and manage CRB data. The QA process helps to ensure that the data in the SAP system is accurate.

3.5. Support and independent review were provided to the team around the procurement exercise for new refuse vehicles underway in 2011.

3.6. DAP are providing support and advice in respect of the Payroll Procurement & Transfer from SAP This started with assistance during the accelerated procurement of consultancy and implementation services for the project and DAP was able to give assurance that the process was conducted in line with policy and procedures. DAP will continue its involvement during the implementation phase of the project ensuring the solution incorporates sufficient business and ICT controls, as well as monitoring project governance and the management of risks.

3.8. Time has been allowed for in the audit plan for DAP to provide support to Housing Benefits by carrying out independent accuracy checking on HB claims. A number of days have already been delivered at the request of the department.

3.10. Feedback from customers has been very good in the first 6 months with comments received such as

- “The audit was conducted in a professional manner with little disruption to the school or the day to day operation.”
- “The audit highlighted key risks to senior management, which enabled us to address them adequately.”
- “I feel very reassured that we can rely on your support and advice during the investigation process.”
- One Director responded “thank you for the copy of the audit report. It is good to see that this service received a high standard for two audit opinions.”

3.11 Having implemented and embedded audit recommendations an operational manager advised:-

“We have seen a remarkable reduction in overtime, around £7k projected for the year, which is excellent news. This was due to the amalgamation of the stores and reception. We have also seen benefits for the team members with regard to:-

- Cover arrangements,
- Training of new staff. This has been easier as they are in the same place and can therefore work better with each other,
- Other improvements around job card processes which have streamlined charging and reduced outstanding funds.”

4 INTERNAL AUDIT PERFORMANCE

4.1 There are no national Performance Indicators in existence for Internal Audit, but with the advent of Devon Audit Partnership the opportunity has been taken to expand the local performance measures routinely monitored and reported to Audit Committee.

4.2 Internal Audit Performance Data – April to September 2011

Activity	Target Standard	Achievement 11/12 to date
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Delivery of Audit Plan (annual target)	90%	43%
Actual Days delivered against plan	90%	45%
Percentage of chargeable time	65%	68%
Customer satisfaction	90%	96%
Draft audit reports to be produced within 15 working days of completion of work	90%	92%
Final reports produced within 10 days of agreeing action plan	90%	94%
Average level of sickness	2%	4%
Percentage of staff turnover	5%	0

4.3 Overall, delivery against the majority of local performance indicators has been good with several targets exceeded. Whilst delivery of the audit plan (ie reviews / audits undertaken) is an annual indicator, progress has been very good in the first half year and the plan is on target to be accomplished by 31st March 2012.

4.4 The equated percentage of direct days delivered in the first half of the year is in line with expectations as the days delivered in the first half year are normally lower due the higher incidence of annual leave and bank holidays in the first 6 months of the year.

4.5 The percentage of chargeable time, at 68%, is both above target and above average rates of other local authorities identified through benchmarking comparators.

4.6 Customer service is a key priority to DAP and results received in response to our satisfaction surveys continue to demonstrate the very high regard placed on our service provision by clients. Some examples of customer feedback are included in para 3.6 above.

5 INTERNAL AUDIT OPINION

5.1 A summary of Internal Audit's opinion on the individual reviews that have been carried out or concluded for the first 6 months of 2011/12 is included in Appendix 2

5.2 In carrying out systems and other reviews, Internal Audit assesses whether key, and other, controls are operating satisfactorily within the area under review, and an opinion on the adequacy of controls is provided to management as part of the audit report.

5.3 All final audit reports also include an action plan which identifies responsible officers, and target dates, to address control issues identified during a review. Implementation of action plans are reviewed during subsequent audits or as part of a specific follow-up process.

5.4 Overall, and based on work performed to date during 2011/12, Internal Audit is able to provide reasonable assurance on the adequacy and effectiveness of the authority's internal control environment.

6 RECOMMENDATIONS

6.1 It is recommended that the report be noted

PROGRESS AGAINST PLAN - 26 WEEKS ENDED 30 SEPTEMBER 2011

	<u>2011/12</u>		<u>26 wks to 30/09/11</u>	
	Total Planned Days	%	Actual Days	%
Systems, Procurement, Cross Cutting	948	48	343	32
ICT	176	9	94	7
Schools	210	11	84	12
Anti-Fraud / NFI	250	13	208	14
Consultancy / Advice	90	5	48	4
Corporate Governance	90	5	52	10
Grants	20	1	6	10
Contingency *	100	5	0	0
Other Chargeable Activities	90	5	52	21
TOTAL AUDIT DAYS	<u>1974</u>	<u>100</u>	<u>887</u>	<u>100</u>

*Actual days used have been allocated to specific audit categories

Summary of Audit work completed and Audit Opinions

Departmental Area: Corporate Support (excluding ICT)				
Audit Area	Year	Status	Assurance Opinion	Executive Summary
Material Systems				
Loans & Investments	2010/11	Final	Good Standard	The review found a robust policy framework within which the Treasury Management activity takes place. The Audit Committee provides independent scrutiny of the Treasury Management Policy and Procedures and a TM board comprising senior officers and members meets regularly and receives regular updates of trading activity. Forecasting is accurate, enabling cash flow to be managed effectively.
Main Accounting System	2010/11	Final	Good Standard	<p>The consistent application of internal controls ensures that the main accounting system has sound governance arrangements and continues to operate effectively. Information contained in the Joint Finance and Performance reports continues to develop and the process of challenging significant budget variations has become embedded within the culture of the organisation.</p> <p>The Overview and Scrutiny Management Board have again provided robust challenge and review of the proposed budget for 2010/11.</p>
Council Tax	2010/11	Final	Good Standard	2010/11 was a challenging year set against continuing economic problems and payment issues experienced by customers of Santander, contributory factors which did result in Council Tax collection rates being below target set. However, although the target was not achieved, the consistent application of internal controls and sound debt recovery practices did result in a 0.9% increase on collection rates when compared to 2009/10. Performance was regularly monitored and a

				number of initiatives developed to further improve collection rates.
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Payroll	2010/11		High Standard	<p>Working processes are ighly evolved and the system operates to a high standard of internal control.</p> <p>The maintenance of the SAP application and database remains costly and governance arrangements for administering the computer application remain complex but it is recognized that SAP will be replaced in early 2012/13.</p>
Material Systems IT Issues	2010/11	Final	Good Standard	<p>The evidence obtained during the course of this review confirms that the majority of the processes and procedures, now in place within the ICT department, are of a Good Standard. However, in order to comply with the requirements of the external auditors, this audit exercise has had to consider the procedures that were in place throughout the whole of the financial year under review (i.e. 2010/11) when new working practices were still evolving and being consolidated throughout the department.</p> <p>It is anticipated that once all of the planned improvements have been fully implemented and the issues included in this report addressed, the ICT department procedures will then be of a High Standard.</p>
Housing Benefits	2010/11	Draft	Improvements Required	<p>The economic climate continues to provide a challenging environment with the average caseload increasing by approximately 5% between 2009/10 and 2010/11 and consequently performance for 2010/11 was below the target set.</p> <p>Overall, the internal control arrangements operating within the benefits system were found to be of a good standard and the development of a risk based claim management strategy following the departmental restructure will further enhance the service.</p>

				A new Fraud Management System has recently been deployed and it is anticipated that once fully implemented, the improved functionality will support a more targeted proactive approach to anti-fraud work.
Asset Register	2010/11	Draft	Good Standard	<p>The 2009/10 baseline data uploaded onto the Technology Forge (TF) database was the subject of detailed checks carried out by the Corporate Accountancy Team with any discrepancies being identified and corrected.</p> <p>As each category of assets was updated for 2010/11, the values on TF were reconciled to the general ledger with any discrepancies being investigated and resolved. Finance planned to complete this exercise early September with discrepancies resolved by early November.</p> <p>Access to the Valuation and Finance modules of TF was found to be adequately controlled with access permissions granted in respect of each individual module. However, security could be further strengthened if the configuration is updated so that the system automatically forces periodic password changes and the minimum length for passwords is set.</p>
ICT Helpdesk	2010/11	Draft	Improvements Required	<p>Internal control has improved with the introduction of self-service and the system provides a complete audit trail for each request raised. Although this has improved the overall management of user access and will enable it to evolve, the experience for the customer has deteriorated as the time taken to complete the requests are slower than that previously experienced.</p>
Main Accounting System	2011/12	In Progress		
Revenues & Benefits System Parameters	2011/12	In Progress		
Creditors	2011/12	Not Started		

Debtors	2011/12	Not Started		
Payroll	2011/12	Not Started		
Council Tax	2011/12	Not Started		
NNDR	2011/12	Not Started		
Housing Benefits	2011/12	Not Started		
Loans & Investments	2011/12	Not Started		
Asset Register	2011/12	Not Started		
Cash Collection	2011/12	Not Started		
ICT Helpdesk Access Controls	2011/12	Not Started		
Material Systems IT Issues (11/12)	2011/12	Not Started		

ICT				
New Data Centre	2010/11	Final	Not Applicable	This report was not issued as a standard report with an assurance opinion but was advice and consultancy issued directly to the Assistant Director for ICT.
Partnership Working (ICT Systems)	2010/11	Final	Improvements Required	<p>The lack of clear corporate procedures to govern the arrangement and implementation of operational partnerships could expose the Council's data assets to unnecessary risks.</p> <p>Individual business areas which identify partnership arrangements inevitably focus on service delivery without always understanding the technical aspects of any proposed ICT solutions. Appropriate controls need to be put into place to ensure that any proposals receive appropriate technical scrutiny at an early stage and that the necessary technical support is provided through to the "live" environment.</p>
Program Management System (PMG)	2010/11	Final	Improvements Required	<p>The sheer number of projects ICT are required to deliver remains a concern.</p> <p>The good progress made by ICT in respect of the embedding of the Information Technology Information Library (ITIL) methodology throughout the service serves to regulate the change process required to deliver these projects.</p> <p>The introduction and use of the Microsoft Project Server project management software also provides a useful tool to manage and record individual projects, including resource management. Whilst its use is still being embedded into operational procedures it does represent a significant improvement.</p>
BACS Transmission	2011/12	Final	N/A	The PCC BACS system has been subject to external inspection which negated the need for DAP to perform work in this area as it would have been a duplication of effort.

				<p>However, following the failure to pay teachers in July a review of what caused the incident to occur, the controls incorporated into the system for making BACS salary payments and an assessment of their effectiveness was carried out.</p> <p>The review found that there are multiple layers of sound controls built into the BACS salary payments system and, provided they are applied, they will ensure that payments are made on time. The failure was the result of human error and three minor recommendations were made to further strengthen the existing procedures. DAP consider that the response to the situation was well organised and all of the departments involved co-operated well with each other to ensure that everything ran smoothly and professionally.</p>
Event Management	2011/12	Draft	Good Standard	<p>The review found that the way in which the ICT Service Desk provides a central point of contact and the use of standardised procedures and workflows within Supportworks is very effective. Where it is possible for the ICT Service to improve further, recommendations have been made which supports the department's desire to continually improve service delivery and enhance its reputation with its customers.</p>
Organisational Controls	2011/12	Draft	Good Standard	<p>The ICT function is operating within a framework of approved corporate strategies, plans and policies and is well placed to support all other Council services in achieving their business aims and objectives. The review found that the ICT department is complying with the Council's corporate requirements and has sound departmental procedures in place to manage its workforce planning, development and training requirements.</p> <p>The current workload of the ICT department is extremely challenging and the risk of failing to fulfil customer expectations is ever present. ICT team managers already acknowledge that there is a need to re-examine the department's demand management procedures with a view to ensuring that its 'Business as Usual' functions are adequately resourced</p>

				whilst, at the same time, its project workload does not exceed its ability to deliver in accordance with customer expectations and agreed time scales.
Housing Benefits (IT)	2011/12	Draft	Good Standard	<p>The operation of the existing Academy modules were found to be working to a good standard. System architecture was deemed sufficient in terms of capacity, processing power and resilience, with no incidents noted of system instability or lock ups caused by insufficient hardware.</p> <p>Security was found to be of a good standard overall. Physical access to hardware is satisfactory and logical access to the back end database is restricted to a small number of ICT staff. Users access the database via a virtual host, which is physically separate from the servers holding the core database, providing a good degree of protection. Data backup arrangements are working well.</p> <p>The introduction of the Self Service modules is still in the early stages and it was therefore not been possible to carry out the level of testing on implementation that had originally been planned. Delays have been caused due to the need to upgrade the core applications, operating system and database. Some recommendations have been made that will assist in ensuring best practice is used during the implementation of the modules.</p>
Business Continuity	2011/12	Ongoing		
Hosted Services	2011/12	Not Started		
Information Security (Ongoing)	2011/12	Not Started		
Capacity and Availability	2011/12	Not Started		

Service Level Management	2011/12	Not Started		
Access Management	2011/12	Not Started		
Programme Management	2011/12	Not Started		
CareFirst	2011/12	Not Started		
Other				
Carbon Management	2010/11	Final	N/A	DAP have been able to certify that the Council has fulfilled its obligations with regard the submission of data and compilation of supporting evidence for the CRC Energy Efficiency Scheme. An earlier audit review was able to provide management with the assurance that systems and processes were in place to enable officers to compile the necessary information accurately, in time for the submission deadline in July.
Telephony	2010/11	Final	Good Standard	DAP has continued its watching brief of the Council's implementation of a call centre management system and other associated telephony and communications projects. Observations on the process and key issues have been reported in a briefing note to management, issues that include technical complexity and integration, systems administration, training and staff development, quality assurance and call monitoring, compliance with Data Protection Act and Payment Card Industry requirements, data security, risk management and business continuity.
CRB and Independent Safeguarding	2010/11	Final	Good Standard	Policy and guidance documents were found to be up to date and accessible but regular monitoring and updating needs to be continued in a structured way taking into account the timetables for change driven by Central Government reforms.

				<p>The use of SAP has ensured that CRB data can be properly managed and is utilised effectively. The QA process helps to ensure that the data in the SAP system is accurate.</p> <p>PCC appeared to be compliant in the majority of areas with the CRB Code of Practice.</p>
Payroll Procurement & Transfer from SAP	2011/12	In Progress	N/A	<p>As this is a high risk project, DAP have been asked by management to provide support and advice. This started with assistance during the accelerated procurement of consultancy and implementation services for the project and DAP was able to give assurance that the process was conducted in line with policy and procedures.</p> <p>DAP will continue its involvement during the implementation phase of the project ensuring the solution incorporates sufficient business and ICT controls, as well as monitoring project governance and the management of risks.</p>
Accommodation Strategy	2011/12	Ongoing	N/A	DAP has continued its watching brief of the Accommodation Strategy project, to provide support and assurance on project governance and the management of risks facing the project.
New Procurement Policies & Strategies inc Procure to Pay Project	2011/12	On-Going	N/A	Support and advice given. Some of the planned resource used in the review of Refuse Collection Vehicle procurement (see above).
Housing Benefit Claim Checking	2011/12	Ongoing	N/A	Time has been allowed for in the audit plan for DAP to provide support to Housing Benefits by carrying out independent accuracy checking on HB claims. A number of days have already been delivered at the request of the department.
Delivery Plans	2011/12	In		Work linked to the Council's Delivery Plans is currently underway for

		Progress		the following areas: <ul style="list-style-type: none"> • Invest to Save Projects • ICT
Data Quality	2011/12	Not Started		
Local Performance Framework	2011/12	Not Started		
Payment to Consultants & Advisors	2011/12	Not Started		
Procurement & Management of Consultants & Advisors	2011/12	Not Started		
Corporate Debt Management	2011/12	Not Started		
Capital Programme - Delivery	2011/12	Not Started		

Departmental Area: Development and Regeneration				
Audit Area	Year	Status	Assurance Opinion	Executive Summary
PCH Monitoring 10/11	2010/11	Draft	Good Standard	A robust governance structure has been implemented post stock transfer that allows both PCC and PCH to work together to deliver shared objectives for the future through the promises to tenants, whilst also allowing both organisations to be independent. Governance arrangements have been clearly defined, agreed by both parties and

				<p>appear to work effectively with clear reporting lines up and down the structure.</p> <p>Performance, in respect of promises made to tenants, is reported by PCH on a quarterly basis. Performance data is subject to review by PCC and any anomalies challenged. However, PCC rely on the fact that the performance figures produced by PCH are accurate, no validation process is undertaken or formal assurances obtained to confirm the accuracy of the reported performance.</p> <p>Sufficient arrangements are in place to manage the service level agreements (SLA's) in place between PCC and PCH. The work involved in renegotiating the SLA's has been considerable but has now been finalised.</p> <p>PCH are subject to the Tenant Services Authority's (TSA) regulatory framework from which PCC can gain assurance. However, the Government intend to abolish the TSA, with the regulatory role for housing associations passing to the Homes Communities Agency (HCA). It is intended that independent regulation will continue under the HCA but to a lesser degree and with more reliance on tenant and stakeholder involvement.</p>
PCH Monitoring 11/12	2011/12	Final	N/A	<p>The Regulatory Framework for Social Housing came into effective in April 2010 but the abolition of the TSA, reduced inspection regime and reliance on local accountability mechanisms pose a risk to service delivery and outcomes for tenants.</p> <p>To protect taxpayers, proactive economic regulation will continue with a greater focus on value for money. This will provide the necessary assurances that housing associations are financially viable and well governed. PCC, as the Strategic Housing authority, can take assurance from economic regulation assessments and include within their monitoring arrangements consideration of Landlord's Annual reports,</p>

				<p>Local Offer documents and any independent external validation that has taken place.</p> <p>There are also potential benefits that can be realised through synergies between PCC and its strategic partners who can harness the work of Housing Associations engagement with local communities and their role in identifying local priorities.</p> <p>Greater engagement at strategic level across the sector will help to meet the objectives of the Big Society and Localism Bill that are the golden thread throughout government policy. PCC, as the Strategic Housing authority, should have an understanding of outcomes from tenant engagement processes and links should be made with the city's Housing Strategy.</p>
Plymouth Market	2011/12	In Progress		
Section 106	2011/12	In Progress		
Planning Applications and Appeals	2011/12	Not Started		
Highways Amey 09/10 Follow-Up	2010/11	Not Started		
Choice Based Lettings 10/11 F/U	2011/12	Not Started		
PCH Monitoring 10/11 Follow-Up	2011/12	Not Started		

Waste Management - SWDWP - (Waste PFI)	2011/12	On-Going	N/A	DAP continues to support the South West Devon Waste Partnership Waste PFI project as it now works through the planning application stage, following the award of the contract to MVV Umwelt. DAP have been asked to advise on governance and risk issues, in particular the Partnership's approach to Section 106 negotiations that would minimise the risk of impact on a timely planning decision, whilst at the same time ensuring that the Partnership are not seen to be acting inappropriately.
Blue Badges	2011/12	On-Going	N/A	
Local Carbon Framework	2011/12	Complete		Grant Certification
New Growth Point 10/11	2011/12	Complete		Grant Certification
Urban Bus Challenge 10/11	2011/12	Complete		Grant Certification
Contaminated Land Capital Projects Prog 10/11	2011/12	Complete		Grant Certification
Community Infrastructure Fund	2011/12	Complete		Grant Certification

Community Services Directorate				
Audit Area	Year	Status	Assurance Opinion	Executive Summary
Supporting People	2010/11	Final	High	There have been changes in the past year, the main one being the integration

			Standard	<p>into Adult Social Care. In addition, the Plymouth Supporting People Partnership Commissioning Body held their last meeting in September 2010.</p> <p>The Supporting People 5 year strategy came to an end in 2010. A new Commissioning Plan for 2011/14 for Supporting People is being developed which will set out the strategic direction for the provision of low preventative services over these three years.</p> <p>The procedures and process for the procurement of services and their subsequent monitoring have been maintained at a high standard since the issue of the last audit report in March 2010. This is much to the credit of the staff as members of the Supporting People Team.</p>
CareFirst Residential Care Payments	2010/11	Final	Good Standard	<p>The Residential Care Payments system aids in the processing of payments to residential and nursing care providers based on data being collected and processed through the CareFirst system. Information provided by the Corporate Performance Team, as at 4 January 2011, confirmed that there were 894 service users in long stay residential care and 136 in temporary (short stay) care, as compared to 181 in long stay nursing care and 17 in short stay nursing care.</p> <ul style="list-style-type: none"> This audit identified that the systems operated for payments has achieved a 'good standard' in the areas reviewed; much to credit of those staff involved in the processes.. <p>In the June 2009 follow up, it was noted that there were outstanding actions to make on the recommendations previously made. However, it was pleasing to note that action has been taken to address these points and where recommendations had been implemented, the revised processes continued to be used.</p> <p>With the Council acting as agent for the Plymouth PCT in making payments through the Funded Nursing Care and Continuing Health Care schemes, an agreement has been put in place with the PCT to ensure the Council receives a fixed monthly payment in advance of the payments being made to providers.</p>

Safeguarding Adults	2010/11 (Started 2011/12)	Draft	Good Standard	<p>The Plymouth Safeguarding Adults Board has a diverse membership and meets the national guidance objectives of approving and implementing a multi agency policy, co-ordinating activity between agencies, facilitating joint training and also monitoring and reviewing progress. This multi agency approach is vital to reduce the risks to service users from a fragmented and individualised approach to safeguarding.</p> <p>The creation of supporting sub groups such as the Lead Officers Group has helped to ensure that the board can be effective and focus on the high level issues rather than the day to day safeguarding provision. The sub groups help to implement and manage actions and provide feedback to the Board. The production of annual reports helps to ensure that the Board are made aware of local and national issues and can be in a position to be ahead of changes and identify potential areas for improvement.</p> <p>The Council's Safeguarding Adult Manager plays a key role in ensuring that there is an effective process in place to support referrals which demands the majority of the available time. Some recommendations were made relating to the management and administration of the Safeguarding Adults Board and Sub Groups which are considered as good practice and would be required if the board is placed on a statutory footing.</p> <p>It is evident from the work undertaken that overall there is a commitment from all partners to provide an effective multi agency safeguarding service. However, the supporting governance documentation could be strengthened further and the processes should be universally adhered to.</p>
Data Quality - Govt Returns	2011/12	Final	Good Standard	<p>Overall, the arrangements in place for managing submission of the RAP and ASC-CAR statutory government returns, for the year ending 31 March 2011, were of a good standard.</p> <p>Considerable effort had been made by performance officers, even at a time of significant change within the Adult Social Care (ASC) Policy and Performance team, enabling the completion and submission of the statutory returns by the</p>

				<p>deadline.</p> <p>Devon Audit Partnership supported the performance team by carrying out data accuracy validation checks on the ASC-CAR and key areas of the RAP. Potential problems and other areas of concern found during the audit validation checks were referred back to the Performance Team to investigate and where necessary make amendments to the return prior to its submission to the NHS Information Centre.</p> <p>will ensure further operational efficiencies are recognised.</p>
Client Finance Services	2011/12	Draft	High Standard	<p>The completion of financial assessments for service users and /or their representatives has been carried out by the Client Finance Services Team promptly with notifications of any contributions, including a 'nil contribution' being sent out to these individuals.</p> <p>The result of the review of the processes and procedures has been given as 'High Standard' which is due to the staff in the Team carrying out this process.</p>
Life Centre, Leisure Management, Pavilions Projects	2011/12	On-Going	N/A	<p>DAP continue to support and advise the various project teams as well as the Culture, Sport and Leisure Programme Board, in providing assurance on project governance, the management of risks facing each project as well as the compliance with procurement practices and procedures, particularly where Competitive Dialogue has been utilised.</p>
Refuse Collection Vehicle Procurement	2011/12	On-Going	N/A	<p>DAP were invited to provide advice and support to the team tasked with the purchasing of 15 refuse collection vehicles. Audit were present at meetings held to review previous procurements, develop the procurement approach and specification and provided comments on draft documents before they were issued to prospective bidders</p>
Commissioning & Contracting (inc Supporting People)	2011/12	Not Started		
Non Residential	2011/12	Not		

Services Billing (NSIBS)		Started		
Domiciliary Care	2011/12	Not Started		
Personalisation	2011/12	Not Started		
CareFirst Implementation / Charteris	2011/12	Not Started		
CareFirst Residential Care Payments (F/Up)	2011/12	Not Started		
Safeguarding Adults (F/Up)	2011/12	Not Started		

Services for Children & Young People Directorate

Audit Area	Year	Status	Assurance Opinion	Executive Summary
Commissioning & Contracting	2011/12	In progress		
CareFirst Fostering	2011/12	Not Started		
'Diversion of Children from Care' Plan	2011/12	Not Started		
Escort Service, Concessionary Transport, Special School Routes, SEN Transport	2011/12	Not Started		
CareFirst Care	2011/12	Not		

Leavers (Follow Up)		Started		
Data Quality Children's EMS (Follow Up)	2011/12	Not Started		
Children's Independent Sector Placements (Follow Up)	2011/12	Not Started		