

## PLYMOUTH CITY COUNCIL

**Subject:** Internal Audit - Annual Audit Report 2014/15  
**Committee:** Audit Committee  
**Date:** 25 June 2015  
**Cabinet Member:** Councillor Lowry  
**CMT Member:** Lesa Annear (Strategic Director for Transformation & Change)  
**Author:** Robert Hutchins, Head of Devon Audit Partnership  
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**Ref:** AUD/RH  
**Key Decision:** No  
**Part:** 1

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### **Purpose of the report:**

This report summarises the work undertaken by Devon Audit Partnership during 2014/15, reviews the performance and effectiveness of the Internal Audit service, and provides an audit opinion on the adequacy of internal control. The report is particularly relevant, therefore, to the preparation of the Authority's Annual Governance Statement which is required under the Accounts and Audit (England) Regulation 2015.

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### **The Brilliant Co-operative Council Corporate Plan 2013/14 -2016/17:**

The work of the Internal Audit Service assists the Council in maintaining high standards of public accountability and probity in the use of public funds. The service 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.

The delivery of the Internal Audit Plan assists all directorates in delivering outcomes from the Corporate Plan:-

- Pioneering Plymouth – by ensuring that resources are used wisely and that services delivered meet or exceed customer expectations;
  - Confident Plymouth - the Government and other agencies have confidence in the Council and partners.
- 

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

None.

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### **Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management:**

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

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### **Equality and Diversity:**

Has an Equality Impact Assessment been undertaken? No

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**Recommendations and Reasons for recommended action:**

It is recommended that:-

1. The report be noted.

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**Alternative options considered and rejected:**

None, as failure to maintain an adequate and effective system of internal audit would contravene the Accounts and Audit Regulations 2003, 2006, 2011 & 2015.

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**Published work / information:**

Internal Audit Annual Plan 2014/15.

**Background papers:**

None

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**Sign off:**

Fin MC		Leg		Mon Off		HR		Assets		IT		Strat Proc	
Originating SMT Member:													
Has the Cabinet Member(s) agreed the content of the report? Yes													

Internal Audit

Annual Audit Report 2014-15

Plymouth City Council  
Audit Committee

June 2015

Robert Hutchins  
Head of Audit Partnership

CUSTOMER  
SERVICE  
EXCELLENCE



Auditing for achievement

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## Devon Audit Partnership

The Devon Audit Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay and Devon councils. We aim to be recognised as a high quality internal audit service in the public sector. We work with our partners by providing a professional internal audit service that will assist them in meeting their challenges, managing their risks and achieving their goals. In carrying out our work we are required to comply with the Public Sector Internal Audit Standards along with other best practice and professional standards.

The Partnership is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on our service, processes or standards, the Head of Partnership would be pleased to receive them at [robert.hutchins@devonaudit.gov.uk](mailto:robert.hutchins@devonaudit.gov.uk).

## Confidentiality and Disclosure Clause

This report is protectively marked in accordance with the National Protective Marking Scheme. It is accepted that issues raised may well need to be discussed with other officers within the Council, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation's disclosure policies.

This report is prepared for the organisation's use. We can take no responsibility to any third party for any reliance they might place upon it.

## **Introduction**

The Audit Committee, under its Terms of Reference contained in Plymouth 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 2011 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 2014/15 was presented and approved by the Audit Committee in March 2014. The following report and appendices set out the background to audit service provision; a review of work undertaken in 2014/15, 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 to Committee members are requested to consider:

- the assurance statement within this report;
- the basis of our opinion and the completion of audit work against the plan;
- the scope and ability of audit to complete the audit work;
- audit coverage and findings provided;
- the overall performance and customer satisfaction on audit delivery.

In review of the above the Audit Committee are required to consider the assurance provided alongside that of the Executive, Corporate Risk Management and external assurance including that of the External Auditor as part of the Governance Framework (see appendix A1) and satisfy themselves from this assurance for signing the Annual Governance Statement.

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

## Assurance Statement

**Overall, and based on work performed during 2014/15 and that of our experience from previous years audit, Internal Audit is able to provide reasonable assurance on the adequacy and effectiveness of the Authority's internal control framework.**

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

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

All final audit reports include an action plan which identifies responsible officers, and target dates, to address control issues identified during a review. Implementation of action plans are 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 carried out in 2014/15 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 accompanying its published Statement of Accounts for 2014/15.

Performance against plan is generally as expected. Where changes have been made, these were planned and agreed, with resources targeted to support the Council in delivery of the transformation programme. Although no specific audits were undertaken with regard to ICT following the launch of Delt Shared Services Ltd or to Public Health we feel, based on previous year's work, that the framework of control remains in operation.

**This statement of opinion is underpinned by :**

### Internal Control Framework

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

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

During 2014-15, core financial and administrative systems were reviewed by Internal Audit either through specific reviews (e.g. debtors, creditors, payroll & Main Accounting) or generally in the reviews undertaken in respect of directorate systems. The Council's overall internal control framework operated effectively during 2014-15, and where internal audit work has highlighted instances of none or part compliance, none have had a material impact on the Authority's affairs.

### Risk Management

The Transformation Project aligns programmes to one another and to the Council's Corporate Plan in order to meet the current financial challenge. Governance for the Programme involves five delivery strands that link to a Portfolio risk register which is monitored by the Transformation Portfolio Board.

### Governance Arrangements

In preparation for the pooling of the adult social care budget with Health, activity focussed around the proposed governance structure, financial and risk framework and reporting arrangements. Positive action was taken to address issues identified.

Establishment of an Intelligent Client Function for commissioned services following audit recommendation.

### Economy Efficiency & Effectiveness

The Transformation Programme is designed to deliver more efficient processes, realise cost saving and improvements in service delivery.

Following on from our review of contract management in 2013/14 a working group which includes audit and officers with responsibility for major contract has been sharing knowledge and experience.

## Basis for Opinion

The Chief Internal Auditor is required to provide the Council with an assurance 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, based on risk-based reviews and sample testing, that there are no major weaknesses in the system of control.

This report compares the work carried out with the work that was planned through risk assessment (see appendix 2); 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 comparison of internal audit activity during the year with that planned, placed in the context of internal audit need;
- a summary of significant fraud and irregularity investigations carried out during the year and anti-fraud arrangements; and
- a statement on the effectiveness of the system of internal control in meeting the Council's objectives.

The 2014/15 Audit Plan has been subject to some change to the support delivery of the Transformation Programme with audit resources being targeted, adding value at the time of need, in response to the far reaching changes that are being delivered. As a result, some work originally included within the 2014/15 audit plan was no longer relevant or has been deferred to a later date to fit with client needs and current objectives.

No specific audits were undertaken with regard to ICT following the launch of Delt Shared Services Ltd or to Public Health.

The overall audit assurance takes will have to be considered in light of this position of changed and reduced coverage.

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

all audits completed during 2013/14, including those audits carried forward from 2012/13;

any follow up action taken in respect of audits from previous periods;

any significant recommendations not accepted by management and the consequent risks;

the quality of internal audit's performance;

the proportion of the Council's audit need that has been covered to date;

the extent to which resource constraints may limit this ability to meet the full audit needs of the Council;

any limitations that may have been placed on the scope of internal audit.



# Audit Authority

## Service Provision

The Internal Audit (IA) Service for Devon County Council is delivered by the Devon Audit Partnership (DAP). This is a shared service arrangement between Devon County Council, Torbay Council and Plymouth City Council constituted under section 20 of the Local Government Act 2000. The Partnership undertakes an objective programme of audits to ensure that there are sound and adequate internal controls in place across the whole of the Council. It also ensures that the Council's assets and interests are accounted for and safeguarded from error, fraud, waste, poor value for money or other losses.

## Regulatory Role

There are two principal pieces of legislation that impact upon internal audit in local authorities:

- **Section 6 of the Accounts and Audit Regulations (England) Regulations 2011** which states that ".....A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance....."
- ".....a larger relevant body must, at least once in each year, conduct a review of the effectiveness of its internal audit ....."
- **Section 151 of the Local Government Act 1972**, which requires every local authority to make arrangements for the proper administration of its financial affairs.

## Professional Guidelines

We work to professional guidelines which govern the scope, standards and conduct of Internal Audit as set down in the Public Sector Internal Audit Standards. We have been assessed as "conforming" to these standards and have completed our annual self assessment against PSIAS requirements.

Our Internal Audit Manual provides the method of work and Internal Audit works to and with the policies, procedures, rules and regulations established by the Authority. These include standing orders, schemes of delegation, financial regulations, conditions of service, anti-fraud and corruption strategies, fraud prevention procedures and codes of conduct, amongst others.

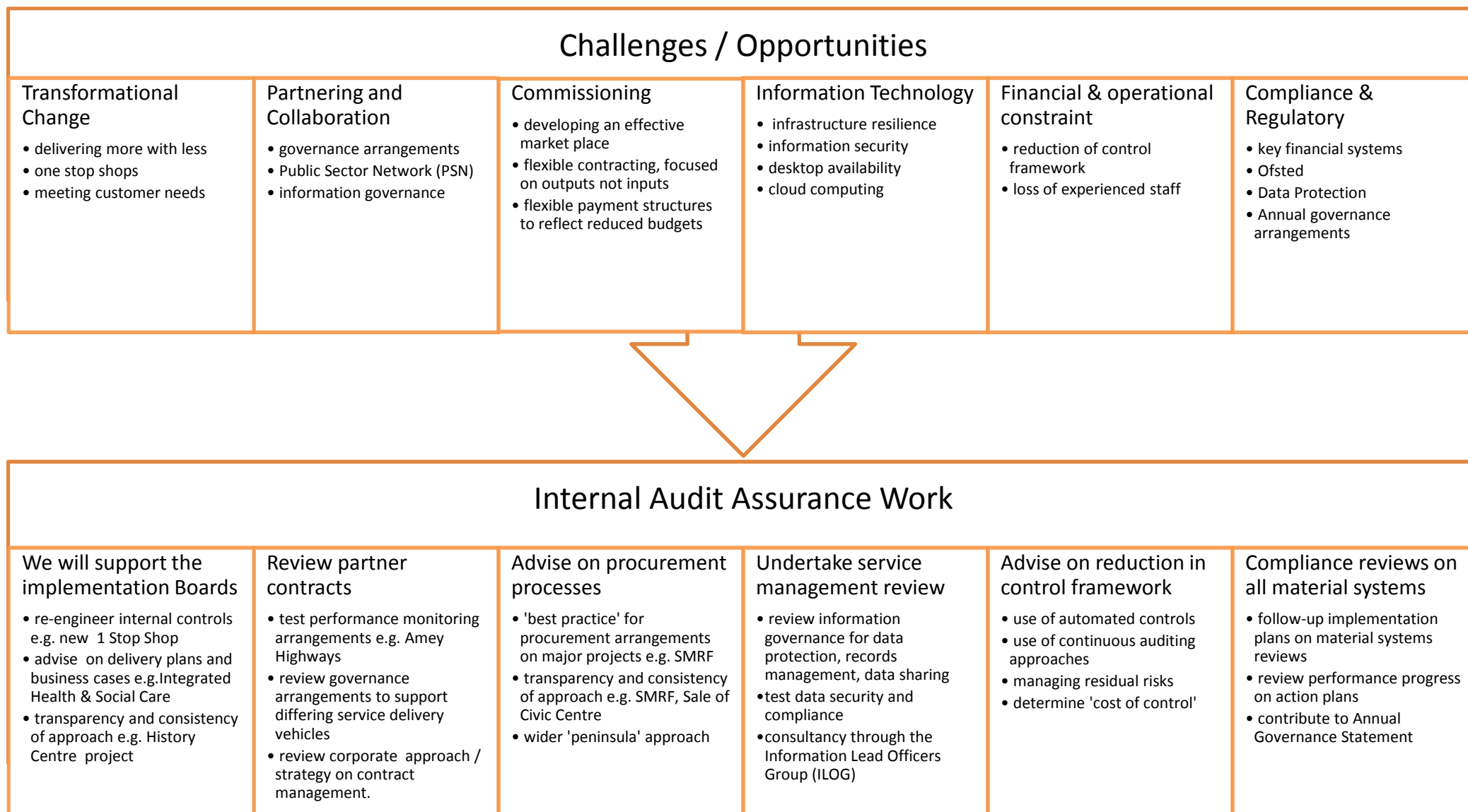


Internal Audit Strategy sets out how the service will be provided and the Internal Audit Charter describes the purpose, authority and principal responsibilities of the audit function.



## Business objectives – audit assurance overview

From consideration of the Authority's key challenges and opportunities it is facing we have provided assurance in these area through our work over the year.

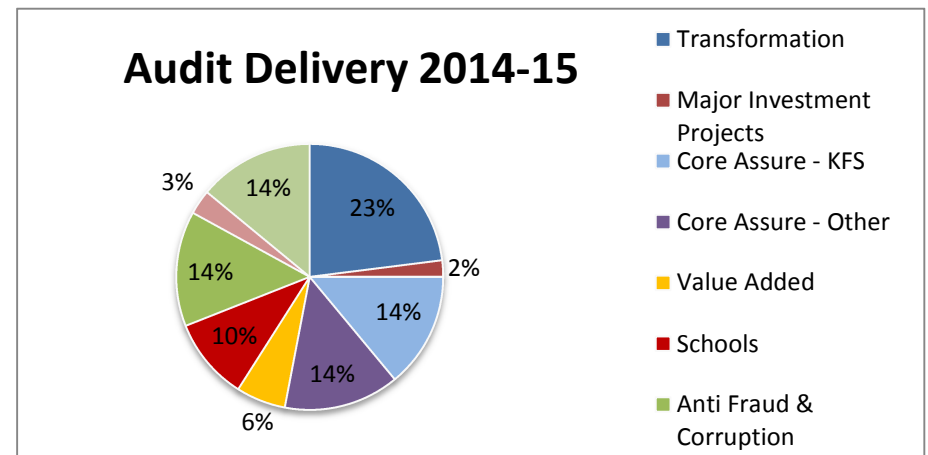
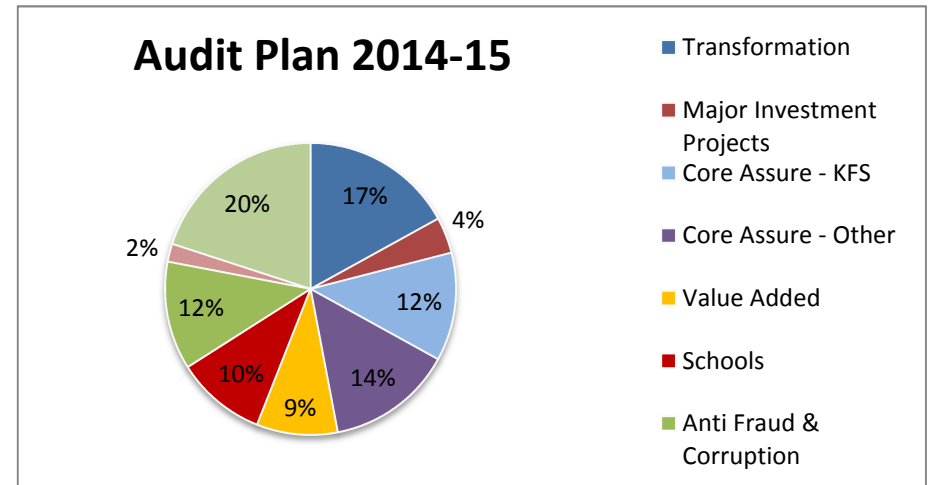


## Audit Coverage and performance against plan

The pie chart right shows the breakdown of audit days delivered by service area / type of audit support provided.

Appendix 3 shows our performance of audit delivery in 2014/15 against the audit plan. It will be noticed that there are some small variances in outturn against target for audits provided during the year. When we prepare our plans we make an educated assessment of the number of days that an audit is likely to take. When the fieldwork is actually completed there is inevitably a variance from the planned days. It can be seen that we have undertaken additional work on transformation this year to fit client need. In addition we provide an allowance for work on areas such as fraud and corruption; in some years the requirement will exceed the planned budget and in others the need for our resource will be less than planned. It should also be noted that some audits required a richer mix of staff resource due to the complexity / sensitivity of the area under review. In such instances we expect that a more senior officer will be able to complete the review in less time than a junior and also the need for managerial review of working papers will be less.

Appendix 4 to this report provides a summary of the audits undertaken during 2014/15, 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.



## Customer Value

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

**Conformance** - Devon Audit Partnership conforms to the requirements of the PSIAS for its internal audit activity. The purpose, authority and responsibility of the internal audit activity is defined in our internal audit charter, consistent with the *Definition of Internal Auditing*, the *Code of Ethics* and the *Standards*. Our internal audit charter was approved by senior management and the Audit Committee in March 2013. This is supported through DAP self-assessment of conformance with Public Sector Internal Audit Standards & Local Government Application note.

**Quality Assessment** - the Head of Devon Audit Partnership 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. External Assessment provides assurance that against the Institute of Internal Auditors (IIA) Quality Assessment & Public Sector Internal Audit Standards (PSIAS) "DAP is considered to be operating in conformance with the standards" as reported to the Partnership Committee in November 2014.

**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 November 2014.

### Performance Indicators

Overall, performance against the indicators has been very good (see appendix 3). The targets were increased for some indicators in 2013/14 yet we have met or exceeded most but acknowledged that the percentage of audit plan commenced is slightly below the new target. We have lifted our draft and final reports issued to the customer within the agreed timeframes (15 working days for draft report and 10 working days for final report). We have identified further areas where performance can be improved.

### Customer Service Excellence

DAP has been successful in re-accreditation by G4S Assessment Services of the CSE standard during the year.

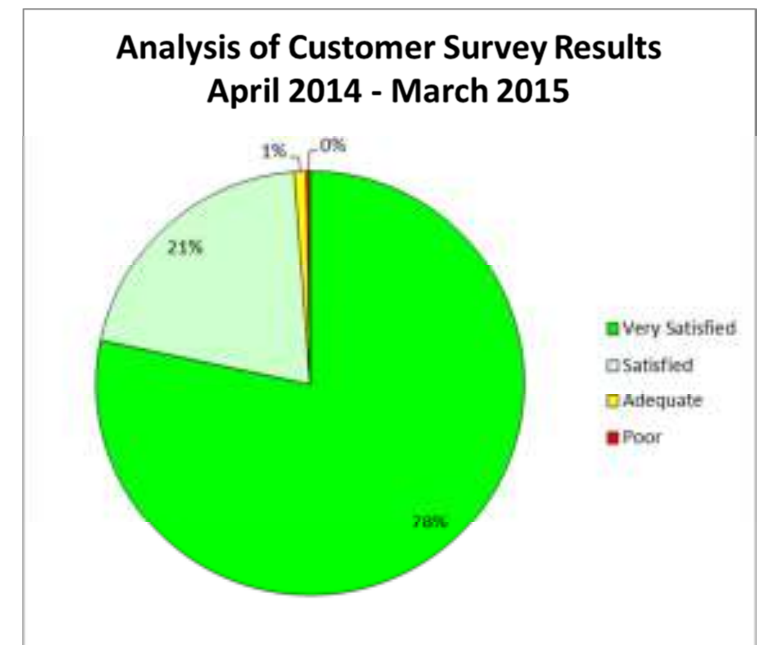
During the period we issued client survey forms with our final reports. The results of the surveys returned are, although low in number, very good and again are very positive. The overall result is very pleasing, with near 99% being "satisfied" or better across our services, see appendix 5. It is very pleasing to report that our clients continue to rate the overall usefulness of the audit and the helpfulness of our auditors highly.

### Added Value

We have had some very complimentary feedback some of the specific examples of where our team have been able to add value to the Council include:-

*"The main area of added value is the resource saving made by the audit 'pulling together' all the areas of improvement needed in one document, and providing a useful template for our response and action plan".*

*"From my perspective, the benefits of using the audit service is that it provides objective and balanced feedback from auditors who know their subject area. It provides assurance that the service is effective as well as offering recommendations for improvement (which is sometimes difficult to see when you are working with it day to day)".*



## Value Added

Our 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.

Senior Management has found our engagement, support as a “trusted advisor” effective and constructive in these significantly changing times.

Our work has identified specific added value benefits in key areas and in mitigating key risks. Notable benefits have been reported in the following areas:

### Transformation and Change

- operational effectiveness of the core financial systems supporting reduction on staff resources whilst maintaining the control framework;
- contributing to a “lessons learnt” exercise following the transfer of ICT services to DELT;
- assurance on the governance arrangements on use and appointment of consultants;
- providing advice and support to officers within the Council’s Transaction Centre during an exercise to reconcile the payments received for head rents on city centre properties; The outcome was that through scrutiny of remittance evidence provided, interrogation of council systems and liaison with the Head Lessee, DAP identified a refund for £100k made by the Council in 2009 which had not previously been accounted for in the reconciliation process;
- support to Corporate Accountants following the transfer of School Finance Officer support to PAPH CIC;

## Place

- continued support, advice and challenge on the contract management arrangements and the Financial Allocation Mechanism (FAM) relating to the South West Devon Waste Partnership, to ensure that the City Council’s interests are protected;
- offering knowledge and experience to the Contract Management Working Group, providing support and challenge as the Group review and develop strategies and procedures.

## People

- engagement with the Heath Check process for schools enabling targeting for intervention and support at a number of schools;
- resource saving in PSAB made by the audit pulling together’ all the areas of improvement needed in one document, providing a useful template for our response and action plan. Thereby enabling much more efficiency in our forward planning.

## Schools

The Partnership has joined the School Health Check process to provide the internal audit view of the financial management of individual schools based on the most recent audit visit. The provision of internal audit’s performance data provides a greater focus on schools causing concern in the wider control environment. The result of our input was:

- six schools were highlighted as of concern for audit to undertake follow-up reviews; and,
- intervention reviews will be made to two further schools by the Governor Consultant and School Improvement.

The culmination of this work should, once complete, lift the performance of these schools.

## Internal audit coverage and results

### Transformation and Change

Based on audits completed and on indications from previous and on-going work, we are able to report that material systems controls remain effective and where weaknesses have been identified management have agreed an action plan for improvement. Where reviews have identified improvement areas relating to other operational departments, we will continue to monitor the implementation of the agreed recommendations.

Where weaknesses had been identified previously with regard to contract management a working group that included Audit and officers from across the Council with responsibility for some of the Council's major contracts e.g. Highways, Leisure Management and Waste PFI has been sharing their knowledge and experience as the Group review and develop strategies and procedures for the future. Audit are pleased to report that an Intelligent Client function has also been set up and Audit are liaising with the Intelligent Service Client Manager and BAU Intelligent Client Manager.

Information governance continues to be a high priority for the Council and Audit has continued to provide ongoing advice, consultancy and liaison with the Council's Information Governance Manager and attendance at Information Officers Lead Group (ILOG) meetings. Following a DAP review of compliance with the Data Protection Act in 2013/14 and the visit of the Information Commissioner's Office in April 2014, ILOG developed action plans to cover the recommendations made which DAP continue to monitor.

As the Council has continued to review and transform the way in which services are delivered, Internal Audit has been involved in a number of workstreams, including the Building Our Capabilities for Effective Change" project (formerly Evolve), the Assure project and mobilisation of Delt.

In addition to audits undertaken as per the plan, advice and guidance has been provided to managers and staff at all levels within Transformation and Change.

### People

In our opinion, and based upon our audit work completed during the 2014/15 financial year and in previous years, we consider that adequate controls are in place to control operations within People. Where weaknesses have been identified management have agreed findings and have either agreed the recommendations or accepted the associated risks. Where management actions have been agreed as appropriate we shall undertake follow up work to ensure that the identified risks have been mitigated.

Recent work has focused around Integrated Health & Wellbeing (Integrated Delivery and Integrated Commissioning) the report issued providing assurance opinions on the:

- Section 75 Agreement,
- Financial and Risk Framework,
- Proposed Governance Structure and Administration Processes,
- Risk Reporting Arrangements and Project Architecture.

Whilst there were a number of actions to be addressed action was ongoing and driven by the deadline of 1<sup>st</sup> April 2015.

In addition to audits undertaken as per the plan, advice and guidance has been provided to managers and staff at all levels within People.

### Public Health

No specific audits were undertaken with regard to Public Health during the 2014/15 financial year.

## Place

Our work overall has continued to confirm that adequate controls are in place in the Place Directorate with management responding positively to recommendations to improve control and reduce exposure to risk.

DAP reviewed the evidence compiled by officers to support the City Council's annual CRC Energy Efficiency Scheme submission, as required by the Environment Agency. We were able to provide assurance that the Council has fulfilled its obligations with regard to its annual submission prior to the submission deadline of 31 July 2014.

Following the implementation of the city's domestic waste collection routes earlier in the year, DAP were commissioned by the service to review the start to finish process relating to the reporting and collection of "missed" bins. The work involved understanding the systems currently in operation, analysing the problems and making recommendation to improve the efficiency of the service with an initial report having recently been issued.

DAP has continued to support the South West Devon Waste Partnership Waste PFI project. A Contract Manager was appointed during the year and we have been providing them with support and challenge on the contract management arrangements as well as participating in discussions on how the Financial Allocation Mechanism (FAM) will operate in practice. In addition, DAP have been developing a programme of audit and assurance checks and reporting that can be used by the Contract Manager and Internal Audit in the future

Audit continued to provide management with support in reviewing various aspects of the Highways contract. This included an examination of management fees being levied by the contractor with the Client Manager providing an update, on actions taken in response to audit reviews, to Audit Committee in March 2015; this concluded good progress is being made.

In addition to audits undertaken as per the plan, advice and guidance has been provided to managers and staff at all levels within Place.

## Schools

We have made good progress in the delivery of our audit plan to schools and schools have again been very appreciative of the quality of our service. The requirements to meet the challenges through change to the SFVS are significant. We are focusing all of our effort to achieve the targets and support schools to the fullest of our ability.

Our overall opinion is one of Good Standard, with only one school receiving an audit opinion of 'improvements required'. In general, the systems and controls in schools mitigate the risks identified in many areas. However, there are risks exposed in key areas which reduce overall assurance.

The key matters arising from the audits are the:

- understanding of financial management by governors and skills assessment as evidenced by the requirements of the Standard
- demonstrable financing of plans for raising standards and attainment; and,
- absence of financial benchmarking.

Recommendations have been made to reduce risks and in other areas, recommendations made serve to strengthen what are reasonably reliable procedures. Schools which had an opinion of improvements required or fundamental weaknesses identified were subject to a follow up in 2014/15 and are subject to a full audit 2015/16.

The Schools Financial Value Standard is now an established tool for maintained schools as a self-assessment of their local financial management and schools are required to annually submit their self-assessment to their local authority by the 31<sup>st</sup> March. Currently there are 65 maintained schools within Plymouth City Council and all but one of these schools formally submitted a signed self assessment by 31<sup>st</sup> March 2015. The one school which did not submit a completed self-assessment within deadline is part of a 'hard' federation and this for the purposes of SFVS is considered by the Department of Education as an exemption.

## Fraud Prevention and Detection

### Fraud Prevention and Detection and the National Fraud Initiative

Counter-fraud arrangements are a high priority for the Council and assist in the protection of public funds and accountability. The Audit Commission runs a national data matching exercise (National Fraud Initiative - NFI) every two years. For the 2014/15 exercise, Internal Audit co-ordinated the extract of relevant datasets, as defined by the Audit Commission, from a range of City Council systems. Departments supplied their datasets and these were uploaded onto the NFI secure website. The subsequent matching reports were received back from the Audit Commission at the end of January 2015 and these are currently being examined either by Internal Audit or provided to relevant departments for their investigation.

**Irregularities** - During 2014/15 Internal Audit have carried out, or assisted in a total of 10 irregularity investigations, of which 9 were newly referred during the year. Analysis of the types of investigation and the number undertaken shows the following:-

Issue	Number
IT Misuse	7
Employee Conduct	3

As can be seen from above, Audit continued to investigate suspected misuse of the Council's email and internet facilities. Audit received requests from management asking for the email accounts and/or internet logs of employees to be examined and were able to provide management with reports evidencing usage together with our findings which were then used in deciding whether to take further action against individuals.

Audit were commissioned to investigate allegations of an employee who was carrying out duties without a driving licence with the valid category of vehicle and investigate concerns about an employee abusing their position. In addition, DAP were asked to investigate issues raised by an officer in respect of alleged detriments suffered as a consequence of service restructure.

The details of these irregularities have been reported to Directors. In addition to the specific investigations, DAP have also provided management with a range of advice and support on courses of action or improvements to controls.

**Schools** - There have been no irregularities to report upon in the maintained schools. We have seen issues in other schools relating to governance and leadership and additionally manipulation of data for the schools benefit. We remain vigilant to these issues though it is difficult within the constraints of an audit to identify such detailed and complex issues.

Lessons learnt are understood by auditors and shared where required during discussions with schools.

The Assistant Director for Learning and Communities commissioned a 'lessons learnt' report on a former maintained school. This report was subsequently taken to the Audit Committee under part two arrangements.

## Appendix 1 - Annual Governance Framework Assurance

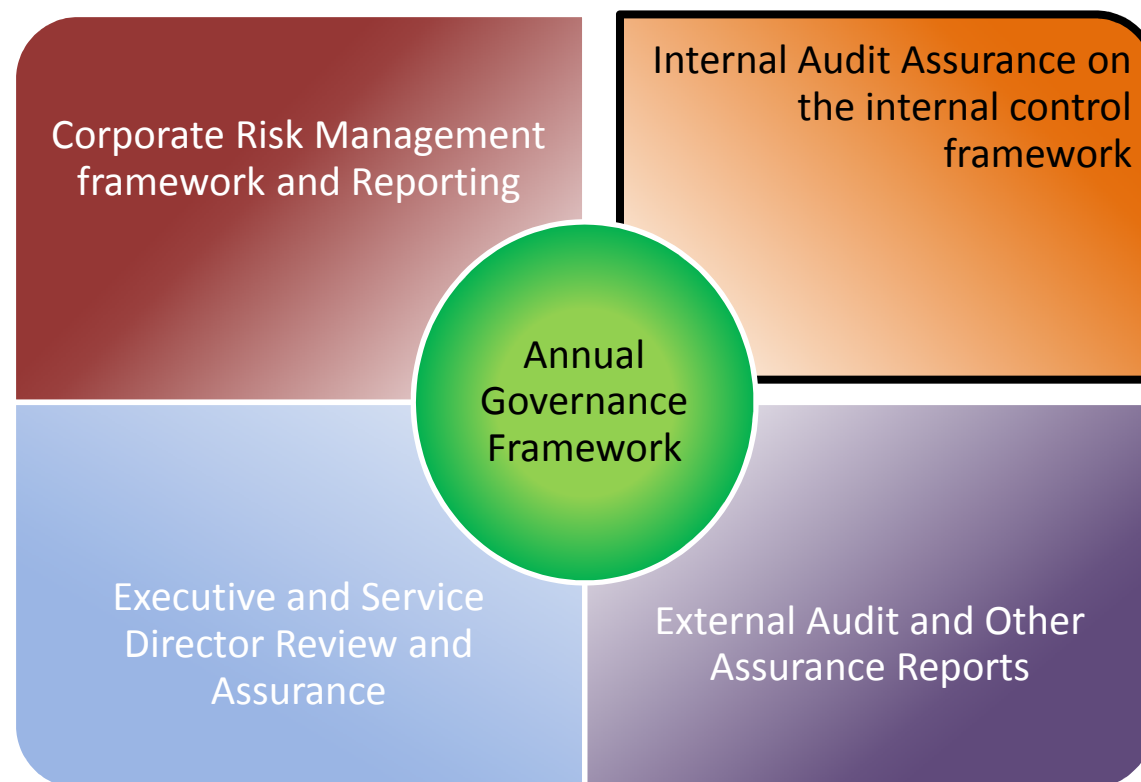
**The conclusions of this report provide the internal audit assurance on the internal control framework necessary for the Committee to consider when reviewing the Annual Governance Statement.**

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 Leader of the Council;
- 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 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.

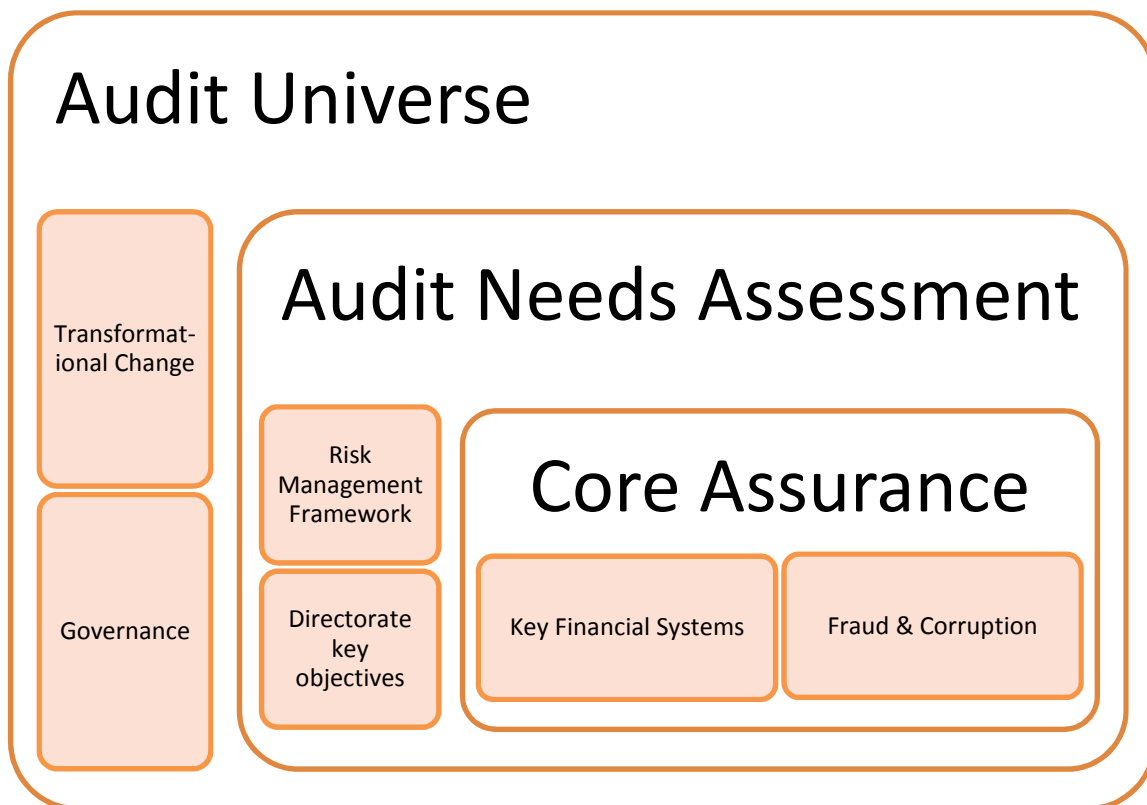


The AGS needs to be presented to, and approved by, the Audit Committee, and then signed by the Chair.

The Committee should satisfy themselves, from the assurances provided by the Annual Governance Statement Working Group, CMT and Internal Audit that the statement meets statutory requirements.



## Appendix 2 - Audit Needs Assessment



We employ a risk based priority audit planning tool to identify those areas where audit resources can be most usefully targeted. This involves scoring a range of systems, services and functions across the whole Authority, known as the “Audit Universe” using a number of factors/criteria. The final score, or risk factor for each area, together with a priority ranking, then determines an initial schedule of priorities for audit attention.

The resultant Internal Audit Plan for 2014/15 was built from this assessment.

The audit plan for 2015/16 plan has been created by:

- Consideration of risks identified in the Authority’s strategic and operational risk registers
- Review and update of the audit universe
- Discussions and liaison with Directors and Senior Officers regarding the risks which threaten the achievement of corporate or service objectives, including changes and / or the introduction of new systems, operations, programs, and corporate initiatives
- Taking into account results of previous internal audit reviews
- Taking into account Internal Audit’s knowledge and experience of the risks facing the Authority, including factors and systems that are key to successful achievement of the Council’s delivery plans
- Requirements to provide a “collaborative audit” approach with the external auditors

## Appendix 3 – Performance Indicators

There are no national Performance Indicators in existence for Internal Audit, but the Partnership does monitor these Local Performance Indicators:

<b>Local Performance Indicator (LPI)</b>	<b>2013/14</b>	<b>Plymouth 2013/14</b>	<b>2014-15</b>	<b>Plymouth 2014/15</b>	<b>DAP 2014/15</b>
	<b>Target</b>	<b>Actual</b>	<b>Target</b>	<b>Actual</b>	<b>Actual</b>
Percentage of Audit plan Commenced (Inc. Schools)	100%	94.3%	100%	98%	96.9%
Percentage of Audit plan Completed (Inc. Schools)	93%	91.2%	93%	94%	92%
Actual Audit Days as percentage of planned (Inc. Schools)	95%	91.5%	95%	96%	97.8%
Percentage of fundamental / material systems reviewed annually	100%	100%	100%	100%	100%
Percentage of chargeable time	65%	70.1%	65%	69%	67.8%
Customer Satisfaction - % satisfied or very satisfied as per feedback forms	90%	98%	90%	99%	99%
Draft Reports produced within target number of days (currently 15 days)	90%	70.6%	90%	94%	87%
Final reports produced within target number of days (currently 10 days)	90%	84.4%	90%	99%	97%
Average level of sickness absence (DAP as a whole)	2%	3%	2%	5.5%	5.5%
Percentage of staff turnover (DAP as a whole)	5%	3%	5%	16.6%	16.6% (6 people)
Out-turn within budget	Yes	Yes	Yes	Yes	Yes

Overall, performance against the indicators has been very good and has shown a marked improvement on 2013/14 in relation to the issue of draft and final reports to the customer within the agreed timeframes.




## Appendix 4 – Summary of audit reports and findings for 2014/15





### Risk Assessment Key




LARR – Local Authority Risk Register score Impact x Likelihood = Total & Level  
 ANA - Audit Needs Assessment risk level as agreed with Client Senior Management  
 Client Request – additional audit at request of Client Senior Management; no risk assessment information available





### Assurance Progress Key





Green – action plan agreed with client for delivery over an appropriate timescale;  
 Amber – agreement of action plan delayed or we are aware progress is hindered;  
 Red – action plan not agreed or we are aware progress on key risks is not being made.  
 \* report recently issued, assurance progress is of managers feedback at debrief meeting.  
 \*\* for transformation & other projects, the direction of travel reflects our view of how effective the project is run.



Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
<b>Transformation – Overall Programme</b>					
Programme Delivery and Benefits Realisation	SRR – Red ANA - High	On-going	Value Added	Independent monitoring and/or support of various projects within the Transformation Programme such as ASDVs and Category Management (see below). Audit has been a member of the “Building Our Capabilities for Effective Change” project (formerly Evolve) which is defining the way in which portfolio, programmes, projects, architecture, business analysis, change management and related disciplines support PCC in delivering change in the future.	 **
<b>Transformation - Co-operative Centre of Operations (CCO)</b>					
Contract Management	SRR – Red ANA – High Client Request	On-Going	Value Added	Audit was a member of the Contract Management Working Group, a group that included officers from Directorates with responsibility for some of the Council’s major contracts e.g. Highways, Waste PFI, Leisure Management and Social Care. Together, these officers and DAP were able to offer their knowledge and experience to the Project Manager with Audit providing support and challenge as the Group reviewed and developed strategies and procedures. DAP now have regular input with those responsible for developing the Intelligent Client function within the Council.	 **
Mobilisation of DELT	SRR – Red ANA - High	Completed	Value Added	DAP had an ongoing role in identifying the key risks associated with the implementation of Delt services and for bringing these matters to	 **

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				the attention of the relevant officers in 'real-time' so that mitigating actions could be taken to protect the interests of both Transformation and Change and the Council as a whole. A report was subsequently issued in draft which highlighted a number of issues including the need to establish an Intelligent Client Function and to carry out a post implementation review so that lessons can be learned for future implementations of this nature. Audit are pleased to report that an Intelligent Client function has now been set up and Audit liaise with the Intelligent Service Client Manager and BAU Intelligent Client Manager.	
Alternative Service Delivery Vehicles (ASDVs)	Client Request	Completed	Value Added	Auditors have used their knowledge and experience to assist the Project Team in the development of an options appraisal toolkit that will be made available to officers to use when considering different ways of delivering their service(s). The toolkit is currently being trialled to determine “proof of concept” and will be published in due course.	 **
Category Management	Client Request	On-Going	Value Added	Audit has participated in workshops looking at the options available for the introduction of category management within the organisation, as part of the Commissioning and Procurement Project.	 **
Civica Financials Project (FWeb)	Client Request	On-Going	Value Added	Audit was a member of the FWeb Project Board, a group who are working to develop more streamlined ways of working for all staff involved with the Civica Financials system, including budget managers. DAP were able to offer their knowledge and experience to the Project Team with Audit providing support and challenge as new processes and procedures are designed.	 **
<b>Transformation – Customer &amp; Service</b>					
Revenues & Benefits Risks & Processes	Client Request	Completed	Value Added	Auditors assisted the Project Team in identifying improvements to current front line and back office processes in advance of the move into the new customer services “shop” in New George Street.  A second piece of work around analysis of overtime was also carried out.	


Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
<b>Transformation – Growth, Assets &amp; Municipal Enterprise (GAME)</b>					
Asset Management (linked with POD)	SRR – Red ANA - Medium	On-Going	Value Added	Audit had initial discussions with Transformation Team on progress with this project. At the time, resources were being sought to manage this project. A Project Manager is now in place and Audit will seek to provide support during 2015/16 as a Strategic Asset Management Framework is drafted.	 **
Waste - Missed Bins	Client Request	Draft	Value Added	<p>Following the implementation of the city’s domestic waste collection routes earlier in the year, the service area asked audit to review the start to finish process relating to the reporting and collection of “missed” bins. The work involved understanding the systems currently in operation, analysing the problems and making recommendation to improve the efficiency of the service.</p> <p>The report provided assurance on areas, including:</p> <ul style="list-style-type: none"> <li>• software and technical solutions;</li> <li>• interaction and interface with the local community;</li> <li>• reporting and metrics and, included</li> <li>• “As Is” and “To Be” process maps.</li> </ul> <p>Note: This work commenced March 2015 and continued into 2015/16 with the draft report issued in May.</p>	 *
<b>Transformation – Integrated Approach to Health &amp; Wellbeing</b>					
Integrated Health & Wellbeing (Integrated Delivery and Integrated Commissioning)		In Progress	Good Standard	<p>Work was undertaken in quarter four in conjunction with Audit South West (CCG Internal Auditors). A report was issued in February 2015 which provided assurance opinions on the Section 75 Agreement, Financial and Risk Framework, Proposed Governance Structure and Administration Processes, Risk Reporting Arrangements and Project Architecture.</p> <p>Although there were a number of actions to be addressed, particularly in respect of the Financial Framework, action was seen to be ongoing and driven by a deadline of 01 April 2015.</p>	 **

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Care Act (Part 1)		In Progress	Value Added	Meetings have been held with Directorate staff to provide information on how the requirements of the Care Act will be implemented. Regular updates have been scheduled and work is planned for 2015/16 to confirm assurance on implementation of key aspects.	 **
<b>Transformation – People &amp; Organisation Development</b>					
Decant of Civic Centre	SRR – Red ANA - High	On-Going	Value Added	DAP has provided support and advice to the People & Organisation Development Programme Board and the two projects, covering Accommodation and Workforce Development, that report to it, to ensure that the intended benefits are delivered in an efficient and effective manner. Such advice has included the retention of documents and security of information, as well as assurance over project management.	 **
<b>Major Infrastructure &amp; Investment Projects</b>					
Waste PFI	SRR – Green ANA - High	On-Going	Value Added	DAP's long association with this project continues. A Contract Manager was appointed during the year and we have been providing them with support and challenge on the contract management arrangements as well as participating in discussions on how the Financial Allocation Mechanism (FAM) will operate in practice. In addition, DAP have been developing a programme of audit and assurance checks and reporting that can be used by the Contract Manager and Internal Audit in the future.	 **
History Centre (Record Office)	ORR – Amber ANA - High	On-Going	Value Added	Following the announcement that the Project has been successful in its first round bid for Heritage Lottery Funding, the project is now in its next phase, Development, with six workstreams identified to take the project forward. Earlier in the year, Audit attended Programme Board meetings but now maintains a watching brief and provides support, advice and assurance to the Project on an ad hoc basis. This will continue in 2015/16.	 **

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
<p>The following major infrastructure and investment project reviews were subsequently not required by Client.</p> <ul style="list-style-type: none"> <li>• Civic Centre (ANA – Medium, Client Request)</li> <li>• City Deal (Plymouth &amp; SW Peninsula (ANA – Medium, Client Request)</li> </ul>					
<p>The following review was not undertaken in light of the transfer of ICT services to DELT</p> <ul style="list-style-type: none"> <li>• Data Centre (SRR – Red, ANA – High)</li> </ul>					
<b>Value Added</b>					
Use of Consultants & Advisors	ANA - High	Complete	Value Added	The time allocated to this audit was used to assist senior management in a review of the process surrounding the appointment of interim chief officers.	
People – Income Collection	ANA – High Client Request	Complete	Value Added	Audit carried out a “lessons learnt” exercise following changes to the Adult Social Care Fairer Charging Policy and discovery of Client Billing issues. Two situation reports were issued, <i>Non-Residential Service Income Billing</i> followed by <i>Adult Social Care Client Billing</i> .	 *
Management of Major Contracts	ANA – High, Client Request	Complete	Value Added	Audit continued to provide management with support in reviewing various aspects of the Amey Highways contract. This included an examination of management fees being levied by the contractor. The Client Manager provided an update, on actions taken in response to audit reviews, to Audit Committee in March 2015.	
Claim for Overpaid Rents	Client Request	Complete	Value Added	Following representations to the Council regarding alleged overpayment of head rents by the Head Lessee, in respect of a number of premises within the city centre, DAP was asked to provide advice and support to officers within the Transaction Centre during the exercise to reconcile the payments received and determine the extent of any possible overpayment.	

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				<p>The outcome was that through scrutiny of remittance evidence provided, interrogation of council systems and liaison with the Head Lessee, DAP identified a refund for £100k made by the Council in 2009 which had not previously been accounted for in the reconciliation process.</p> <p>Recommendations have been made which should prevent a similar occurrence in the future.</p>	
Place - SMRF	Client Request	Final	Good Standard	Assurance was given to the Project Manager that the procurement process was followed correctly, in line with European, National and Council regulations and procedures.	
Planning – Tree Preservation Orders	Client Request	Final	Good Standard	<p>Our review of the tree service found a good standard of internal control with Tree Preservation Order designations and applications for works to Trees and Conservation areas in line with the DCLG Planning Best Practice.</p> <p>The recommendations made support the service area as they strive to develop and streamline the service and include:</p> <ul style="list-style-type: none"> <li>• Implementation of mobile working technologies to eliminate duplication of effort and increase capacity;</li> <li>• Use of time recording to enable analysis and identification of trans, time taken on tasks etc;</li> <li>• Greater sharing of tree management with other planning officers and exploring the opportunities for closer working arrangements with the Street Scene Team Management Team.</li> </ul> <p>Some research was undertaken and details of charges levied by Cornwall Council and Trafford Council were included in the audit report.</p>	






Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Contract - Mutley Plain Car Park	Client Request	Final	Improvements Required	<p>The Parking Manager raised concerns relating to a contract which has been in place for a number of years and requested an audit review.</p> <p>To address the weaknesses identified, it was recommended that:</p> <ul style="list-style-type: none"> <li>clear procedures need to be put in place for the remainder of the contract,</li> <li>legal advice needs to be sought relating to increases in annual costs, and;</li> <li>the possible financial implications of negative income figures needs to be understood.</li> </ul>	



The following audit was deferred to 2015/16



- Early Intervention (Families With a Future) – (ANA – High, Client Request)


### Core Assurance – Key Financial System



Capital Accounting (Asset Register)	ANA - Low	Final	Good Standard	<p>Due to the nature of the audit and the timing of the year end processed under review, the work undertaken in 2014/15 related to the system in operation during 2013/14. Work is currently underway on the 2014/15 review and our opinion will be reported in September.</p> <p>During 2013/14 the Capital Programme was found to be subject to approval with regular monitoring reports provided throughout the year to enable effective scrutiny and appropriate approval of changes and this has continued to be robust across 2014/15.</p> <p>The rolling asset re-valuation programme was being adhered to and our initial findings indicate that this adherence has continued into 2014/15 and the Fixed Asset register updated accurately and completely with the revised valuations. Movement on the general ledger continues to be monitored on a monthly basis with further reconciliations between the general ledger and fixed asset register undertaken as part of the closedown process.</p>	
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Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				<p>In respect of 2013/14 we reported that The Land and Property Team were working with Transformation to develop an Asset Strategy. Development of the Strategic Asset Management Framework is now being progressed as part of the POD Transformation programme.</p> <p>Changes to the Capital Programme Governance arrangements have meant that Financial Regulations and the supporting working practices no longer reflect current practice. These changes have been incorporated into the Leader's Scheme of Delegation for Executive Functions.</p>	
iTrent - Payroll	ANA - High	Final	Good Standard	<p>The iTrent computer system has been in use for two years and the payroll team have further developed their knowledge of the solution during that time. Consistent application of sound internal controls has ensured that employees have been paid accurately, on time and in accordance with their contract of employment.</p> <p>Regular reconciliations of payroll data has maintained the validation, accuracy and completeness of the records feeding the main accounting system. Returns to HMRC and Pension Bodies were found to be timely and in accordance with regulatory requirements.</p> <p>Integral to the work of the payroll function is the System Support and Development Team who have continued to administer the iTrent system. Changes were found to be well managed with system access and overall system security controls robust and in accord with corporate standards.</p>	
Civica Financials – Debtors	ANA - Low	Draft	Good Standard	<p>Internal controls regarding the integrity and reliability of data and the administration of debt recovery were found to be operating to a good standard although there has been a slight fall in the collection rate from 96.8% in 2013/14 to 94.9% in 2014/15. The total amount of sundry debt billed in 2014/15 has increased by approximately 13% to £79.7m.</p> <p>Debt recovery performance is subject to regular monitoring at operational and senior management level. Performance reports are produced on a monthly basis and include the percentage of income collected in comparison to the previous 4 years.</p>	




Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Civica Financials – Creditors	ANA - High	On-going	Value Added	Following the transfer of buyers to the Transaction Centre, this review has incorporated the Procure-to-Pay audit to enable assurance to be provided on the end-to-end process. It is anticipated that the report will be issued & agreed in the first quarter of 2015/16.	
Civica Financials - Main Accounting	ANA - Medium	Draft	Improvements Required	<p>The budget setting process was found to be robust with rigorous challenge by the Co-operative Scrutiny Board to ensure that the actions to address the financial gaps to achieve a balanced budget were robust and fit for purpose</p> <p>Budget monitoring processes are embedded, with regular reports to senior management and members of how the Council is performing against it's financial measures.</p> <p>Areas where recommendations have been made to strengthen the system include:</p> <ul style="list-style-type: none"> <li>• having available sufficient evidence to demonstrate that virements have been approved in accordance with financial regulations;</li> <li>• authorisation of journal entries over £500k;</li> <li>• ensuring that the overarching cash and bank reconciliation is completed each month.</li> </ul> <p>Interfaced data from feeder systems was subject to control and agreement and prompt action taken to identify and correctly allocate items posted to suspense accounts.</p>	 *
Treasury Management	ANA – Low	Final	Improvements Required	<p>Monitoring and reporting of Treasury Management activity continues to be regular and transparent with the Treasury Management Board meeting each month. Cash flow forecasting and the management of the Council's main bank account is well managed and supporting records for all loans and investments made were found to be complete and accurate.</p> <p>However, the absence of a key member of staff on long term sick leave</p>	

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				<p>with no replacement found in the short term highlighted issues as to staff training and specific qualifications in Treasury Management. During the period of absence (which is ongoing), attention to investment decisions on an advantageous basis were not fully exploited, potentially limiting returns as the team did not have the skills /experience to know whether deals were good or not and what should be filtered before passing to senior management for decisions.</p> <p>An action plan is being implemented to upskill and increase the capacity of the team.</p>	
Academy System Parameters	ANA - High	Final	Good Standard	<p>Whilst relevant systems and controls were generally sound, recommendations for improvements in control were made in the following areas:</p> <ul style="list-style-type: none"> <li>• Where staff have undertaken procedures for the first time or new ways of working have been trialled, there has been a lack of supporting evidence retained regarding the key controls in place.</li> <li>• The NNDR (business Rates) opening debit reconciliation required reconstructing during the course of the audit as supporting evidence was not captured at the time the reconciliation was undertaken</li> </ul>	
Academy – NNDR (Business Rates)	ANA - Low	Final	Good Standard	<p>NNDR administration now sits within the Transaction Centre and it was found that processes and procedures continue to be evaluated to ensure working practices are efficient and effective.</p> <p>Local policy, working practices and procedures have ensured that:</p> <ul style="list-style-type: none"> <li>• Regulatory and best practice requirements have been implemented;</li> <li>• Amendments to accounts were identified with the business rate liability accurately calculated and billed promptly;</li> <li>• Rate liability was subject to routine collection processes, with outstanding debt effectively monitored and managed.</li> </ul>	



Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Academy - Council Tax	ANA - Medium	In Progress		This review is currently in progress and it is anticipated that the report will be issued & agreed in the first quarter of 2015/16. No issues of major concern have been identified from our fieldwork to date.	
Academy - Housing Benefits	ANA - High	In Progress		<p>This review is currently in progress and from our fieldwork to date, the key issues are those identified previously in our review of Revenues &amp; Benefits Risks &amp; Processes. The service area is continuing to make progress with the implementation of the action plan.</p> <p>It is anticipated that the report will be issued &amp; agreed in the first quarter of 2015/16.</p>	
<p>The following core assurance / key financial system review was not undertaken as a consequence of the transfer of ICT services to DELT</p> <ul style="list-style-type: none"> <li>ICT Material Systems (ANA – Low)</li> </ul>					
<p>The following core assurance / key financial systems were due to be undertaken in 2014/15 but have been deferred to 2015/16</p> <ul style="list-style-type: none"> <li>CareFirst – Adults (ANA – Medium / Low) <ul style="list-style-type: none"> <li>➤ Residential Care Payments</li> <li>➤ Residential Care Billing</li> </ul> </li> </ul>					
<b>Core Assurance – Other</b>					
Absence Management	ANA - High	Final	Improvements Required	<p>The steps taken to reduce the amount of sickness absence have had a positive affect resulting in a significant decrease in the number of days absence per FTE. There was regular monitoring of the Top 100 reports and sickness was also a standing agenda item at meetings of the Corporate Management Team.</p> <p>Detailed guidance is available on Staffroom for both employees and line managers and a series of workshops were piloted to provide support to areas experiencing higher rates of absence. Whilst this was a positive move these workshops had not been rolled out across the entire organisation. It was also noted that there was no system in place to identify managers new to the organisation or employees promoted to Line Manager status who may benefit from training.</p> <p>As the review identified a lack of consistency between the departments in how absence is managed throughout the organisation roll-out of the</p>	


Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				training workshops to both new and existing managers would support a more consistent approach to absence management across the organisation, building on the positive steps already taken to improve absence management.	
Corporate Landlord	ANA - High	Final	Improvements Required	<p>The Corporate Landlord service is embedded across the Council, however, at present there does not appear to be an up to date corporate land and property strategy. It is acknowledged that the Council is embarking upon a period of significant change and that this change is being managed through its Transformation Programme. It is this programme that will shape the Council's land and property strategy moving forward.</p> <p>Whilst there are established procedures in place, and prescribed response and rectification time targets, the current use of the IT system does not allow for any meaningful performance reporting. Consequently, although performance and service delivery is discussed through forums, there is no formal performance reporting to inform senior management on the effectiveness of service delivery. Improvements are being implemented and will be assessed further during 2015/16.</p>	
ICT Access Management	ANA - High	Draft	Good Standard	<p>A draft report was issued to the former Head of ICT but with the transition to DELT an action plan has not been agreed.</p> <p>Policies and training provided to staff concerning logical access to systems are effective although they would be improved by the formal adoption of the Devon Information Security Partnership (DISP) framework for information security in which the Council played a major role in developing.</p> <p>The control framework provided through physical security and software controls is generally sound although there are improvements in control required in the following areas:</p> <ul style="list-style-type: none"> <li>- documentation of security procedures for staff generally;</li> <li>- documentation of firewall administration</li> <li>- management and monitoring of user and administrator accounts;</li> <li>- malfunction of smartcard access security door in the Civic Centre.</li> </ul>	





Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
People – CareFirst Creditors Follow-Up		Final	Improvements Required	Testing was carried out on potential duplicate payments. However, due to systems and processing being changed and the decommissioning of NSIBS in October 2014 it was not possible to carry out wider testing. Managers were informed that testing would need to be carried out in the future on the new systems in place as a separate audit exercise and should be added to the audit plan.	
Disclosure and Barring Service Follow-Up		Final	Good Standard	<p>The Council is registered as an Umbrella Body which gives other non-registered organisations access to DBS checks and for this the Council charges an agreed administration fee. The team process in excess of 3,000 checks per year, around 70% of which are for staff (including schools) with the remainder split amongst groups including external organisations, taxi licensing and social care checks.</p> <p>There has been a merger of CRB and ISA into a single Non-Departmental Public Body known as the Disclosure and Barring Service (DBS) and the decommissioning of the SAP system which had been used by the team to administer the checking service. Our review finds that despite the level of change, the recruitment team have continued to meet DBS requirements with checks completed accurately, efficiently and in line with best practice.</p>	
Corp Information Management & Security <ul style="list-style-type: none"> <li>• Business</li> <li>• IT Inc. PSN</li> </ul>	SRR - Amber ANA - High	On-Going	Value Added	<p>Ongoing advice, consultancy and liaison with the Council's Information Governance Manager and attendance at Information Officers Lead Group (ILOG) meetings, a Group on which Transformation and Change are represented.</p> <p>Following a DAP review of compliance with the Data Protection Act in 2013/14 and the visit of the Information Commissioner's Office in April 2014, ILOG developed action plans to cover the recommendations made. DAP are monitoring the progress being made with implementing those action plans.</p>	 **
Schools Financial Value Standards (SFVS)	ANA - Low	Final	Good Standard	SFVS Dedicated Schools Grant Chief Finance Office assurance statement for 2013/14 submitted to the Department for Education.	
Business Continuity	SRR – Green, ANA Medium	On-Going	Value Added	DAP continued to be part of the Council's Business Continuity Strategy Group.	 **

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Schools Finance Support	ANA Medium, Client Request	Complete	Value Added	Following the transfer of finance officers to Plymouth Association of Primary Headteachers (PAPH), now Plymouth Learning Partnership (PLP), we have supported the Corporate Accountants with the reorganisation of the Council's responsibilities for accounting support and budget monitoring requirements for schools. This was to enable the City Council to meet its statutory responsibilities for monitoring school finances. In addition, we have met with PLP to develop a new working relationship between the School Finance Officers and Internal Audit.	
Procure to Pay Process	ORR – Amber, ANA High	In Progress		Following the transfer of buyers to the Transaction Centre, this audit is being undertaken at the same time as the Creditors review to enable assurance to be provided on the end-to-end process.	
In House Fostering	Client Request	In progress		The objective of our work is to provide an overview of the services the Council (and partners) are providing to support families in Plymouth who are fostering by measuring the impact of the delivery of services with the expected and reported outcomes. The intention is to identify which services are providing value for money or not. This would then provide indicators as to where money could be potentially saved and / or redesign the services to improve delivery of fostering to support children in care.	
Lessons Learnt Audit (for Schools)	Client Request	Final	N/A	Part II Report presented to Plymouth City Council Audit Committee in June 2014.	
Direct Payments – Pre Paid Cards	Follow Up Review	Final	Improvements Required	Although progress has been made by officers in actioning the agreed recommendations there are a number which remain outstanding. Central to the remaining recommendations is the general theme of the need to update or draft policies and procedures. As the recommendations made have not yet been actioned, the risks of failing to provide a quality safe service and protection of the Council's finances remain.	
People – Plymouth Teaching School Alliance (PTSA)	Client Request	Final	High Standard	Under the PAPH CIC, a Strategic Partnership Board and an Operational Partnership Board have been established with direct involvement of Plymouth Schools, the Local Authority, the University of Plymouth and University of St Mark and St John to support the work of	



Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				<p>the PTSA to deliver the improvement in the quality of school leadership, teaching and learning across Plymouth schools.</p> <p>Arrangements and protocols have been established between PAPH CIC and the schools to access available funding through a variety of programmes established by the PTSA. PAPH CIC has taken on the responsibility of checking the claims submitted by schools agree with approved action plans and the payments being made to schools that provided support in delivering the programmes.</p> <p>Schools are reminded to submit their claims on a more regular basis and the need for individual schools to clearly show their PTSA financial transactions in their budget monitor reports. This would provide clear information for a school's governing body.</p>	
People – Plymouth Safeguarding Children Board (PSCB)	ANA – Medium Client Request	Final	High Standard	<p>The Independent Chair of the PSCB is due to retire later this year. Consideration should be given as to the appropriate time to advertise this post to allow for an effective hand over. The current Independent Chair is also the Chair for the Plymouth Safeguarding Adults Board (PSAB) and the Chair for the Child Death Overview Panel (CDOP) which has allowed for good communication links between the three bodies. However, the future of how information is passed between these organisations may need to be revisited if the posts are filled by different people.</p> <p>Funding for the PSCB continues to be met by contributions from the member agencies of the Board. Previous years have seen an overall underspend on the budget which has been rolled forward. The reserves have proved useful in funding CDOP over the last few years since the Area Based Grant (ABG) funding ceased. However, it is anticipated that by 2015/16 the reserves will be exhausted. A special budget meeting has been arranged for later in the year to discuss this issue and the risk of insufficient funds available for the PSCB is highlighted in the risk register.</p>	
People – Plymouth Adult Safeguarding Board (PSAB)	ANA – Medium Client Request	Final	Improvements Required	<p>Several matters raised had been identified by the Board and were also raised previously in the October 2011 audit report; namely: implementation of an Annual Report, Risk Register and Business Plan.</p>	

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				<p>The lack of a PSAB operational risk register is considered a high priority.</p> <p>With the departure of the Head of Safeguarding in March 2014 and the retirement of the Independent Chair of the PSAB in August 2014 the Board is operating in a period of uncertainty. There are clearly resource implications in implementing and establishing all the appropriate governance arrangements for the Board and these should be fully addressed once the new Chair is in post in January 2015.</p> <p>Agencies who will become statutory members of the PSAB have previously made financial contribution to its running costs. These contributions have been based on a number of factors and final decisions on how funding in the future will be met is yet to be determined. Agencies are not obliged to contribute financially. With no formal agreement in place regarding contributions, in the current economic climate, there is a risk that agencies may not feel able to make a contribution. Agreed contributions will need to be formalised and included in the Partnership Agreement.</p> <p>The Safeguarding Adults Return (SAR) 2013/14 was populated using data held in a spreadsheet instead of data being extracted direct from CareFirst. It is understood the reason for this is because data held in CareFirst cannot be relied upon to be complete and up to date. This is an area for concern. If the prime record (i.e. CareFirst) is not up to date then the safeguarding process may be less effective. The on-going completion of a spreadsheet creates an unnecessary duplication of work and adds to the risk of errors in the SAR.</p>	
Community and Voluntary Sector Contracts	Client Request	Draft	Good Standard	<p>Contract Monitoring processes were reviewed in detail for the HealthWatch contract and Carers contract. Regular meetings took place with the suppliers and performance targets were discussed and monitored closely. However, validation checks on data submitted by the suppliers were not routinely carried out as part of the quarterly monitoring process. The quality reviews did not take place until the contract had been running for some time.</p>	 *







Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				<p>Plymouth City Council (PCC) took over the Sustainable Routes contract with Routeways in 2013 and extended it for one year, no contract monitoring took place during this time.</p> <p>The contract award process was discussed with officers for the Timebanking (2011) and the CVS (2013) contracts. There were no major issues found with the awarding of either contract, although in both cases the electronic filing required improvement.</p>	
Maintained Schools audit programme	Agreed programme through 'buy back'	On-going		<p>The overall opinion for the routine school audit visits has been maintained as 'good standard'. The Partnership has joined the School Health Check process to provide the internal audit view of the financial management of individual schools based on the most recent audit visit. The provision of internal audit's performance data provides a greater focus on schools causing concern in the wider control environment.</p>	
Street Cleaners On-Call System – Follow up of 2013-14 review	ANA Medium risk	Final	Good Standard	<p>All recommendations have been implemented except for one of a low priority. In respect of the outstanding recommendation, regarding the analysis of call-outs, given the improvements made to the system and the low priority rating, it has been agreed with management that implementation will only be necessary if there is a material increase in the current demand and type of on-call activity.</p>	
Control of Fuel, Fuel Cards and Fuel Containers – Follow up of 2013-14 review	ANA Medium risk	Final	Good Standard	<p>Following a considerable amount of activity by the service area to implement audit recommendations, including the implementation of the new Civica Tranman fleet management system, we are pleased to report that the audit opinion has moved from improvements required to good standard.</p>	
Mount Edgcumbe - Small Bodies Return	Regulatory Requirement	Complete	Good Standard	<p>Overall arrangements are of a good standard. The focus of the Mount Edgcumbe Joint Committee has been to drive forward the transformational change of Mount Edgcumbe Park with the objective of securing its future sustainability.</p> <p>Whilst operational delivery and budget monitoring reports to the Mount Edgcumbe Joint Committee do communicate the risks to Mount</p>	





Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				Edgcombe these are not presented in a formal format that enables the overall risks to be considered and used to inform effective decision making.	

The following core assurance (other) review has been deferred until 2015/16.

- Capital Programme – Governance (ANA – High, Client Request)

## Grants

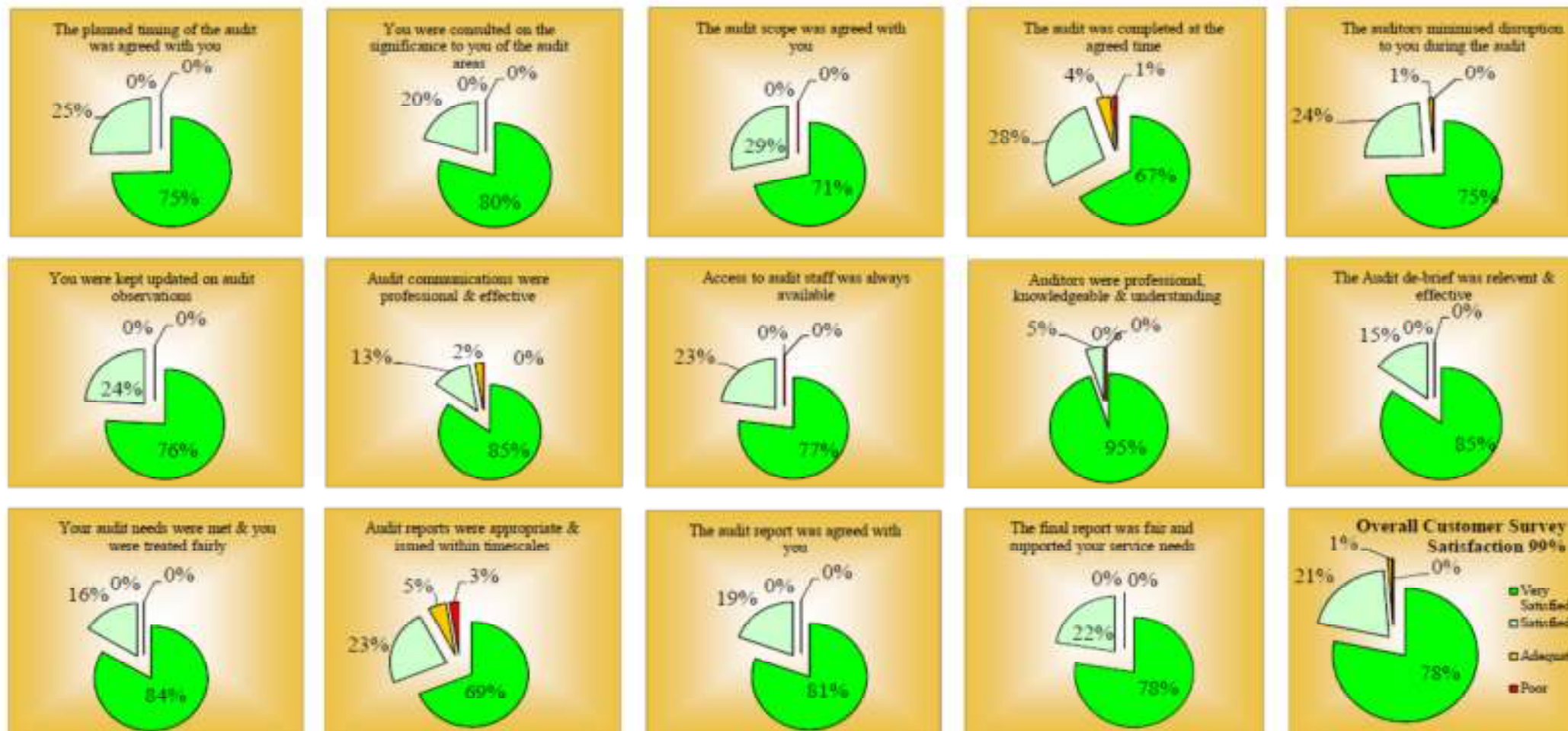
CRC Return	Regulatory Requirement	Complete	Certified	DAP were able to certify that the Council had fulfilled its obligations with regard the submission of data and compilation of supporting evidence for the CRC Energy Efficiency Scheme. Annual Certificate issued 31 July 2014.	
Local Pinch Point Fund	Regulatory Requirement	Complete	Certified	No issues identified	
Local Transport Capital Block Funding 31/2150	Regulatory Requirement	Complete	Certified	No issues identified	
LTP Additional Highways Maintenance Funding 31/2163	Regulatory Requirement	Complete	Certified	No issues identified	
LTP Severe Weather Recovery Grant 31/2277	Regulatory Requirement	Complete	Certified	No issues identified	
Troubled Families (Families With a Future)	Regulatory Requirement	Complete	Certified	Internal Audit has provided on-going support and challenge to the team responsible for the preparation of the payment by results (PBR) claims. A total of 4 claims have been reviewed and certified (the final claim for 2013/14 and 3 claims for 2014/15). On-going advice and support will be continue to be provided as the systems to evidence and track outcomes under Phase 2 of the Families With a Future programme is	

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				developed.	
DFE Adoption Grant	Regulatory Requirement	Complete	Certified	No issues identified	
Rogue Landlord Funding	Regulatory Requirement	Complete	Certified	No issues identified	
Regional Growth Fund Wave Two Growth Hub	Regulatory Requirement	Complete	Certified	No issues identified	
Coastal Communities Fund	Regulatory Requirement	Complete	Certified	No issues identified	

# Appendix 5 - Customer Service Excellence

## Customer Survey Results April 2014 - March 2015

The charts below show a summary of 78 responses received.



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