

Internal Audit

Annual Audit Report 2015-16

Plymouth City Council
Audit Committee

June 2016

Robert Hutchins
Head of Audit Partnership



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.

Confidentiality and Disclosure Clause

This report is protectively marked in accordance with the government security classifications. 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..

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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 2015 introduced the requirement that all Authorities need to carry out an annual review of the effectiveness of their internal audit system, and need to incorporate the results of that review into their Annual Governance Statement (AGS), published with the annual Statement of Accounts.

The Internal Audit plan for 2015/16 was presented and approved by the Audit Committee in March 2015. The following report and appendices set out the background to audit service provision; a review of work undertaken in 2015/16, 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, based on work performed during 2015/16 and our experience from the current year progress and previous years audit, the Head of Internal Audit's Opinion is of "Significant 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.

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

All final audit reports include an action plan which identifies responsible officers, and target dates, to address control issues identified. Implementation of action plans is the responsibility of management yet may be reviewed during subsequent audits or as part of a specific follow-up process.

Directors have been provided with details of Internal Audit's opinion on each audit review to assist them with compilation of their individual annual governance assurance statements. If significant weaknesses have been identified in specific areas, these have been considered by the Authority in preparing its Annual Governance Statement which will be accompanying its published Statement of Accounts for 2015/16.

Performance against plan is generally as expected. Changes have been agreed with management, with resources targeted to support the transformation programme. Although few 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 the year, 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 the year. Where internal audit work has highlighted instances of none or part compliance, none are understood to have had a material impact on the Authority's affairs.

Risk Management

Risk management is utilised widely across the Council and monitored by officers & through to members. The Transformation Project aligns programmes to the Council's Corporate Plan in order to meet the current financial challenge. Governance for the Programme involves portfolio risk registers which is monitored by the Portfolio Office.

Governance Arrangements

Audit review of the adult social care budget with Health, focussed around the proposed governance structure, financial and risk framework & reporting arrangements. Positive action has been taken from our findings. We have considered governance in several areas inc. that of an Intelligent Client Function for commissioned services

Performance Management

The strategy is key to the successful delivery of services and is established for 'business as usual' and transformation programmes. Reporting is made regularly to management, leadership and the Council should ensure effective management. This is of particular importance as the Council commissions & contracts new services.

Full Assurance	Risk management arrangements are properly established, effective and fully embedded, aligned to the risk appetite of the organisation. The systems and control framework mitigate exposure to risks identified & are being consistently applied in the areas reviewed.	Limited Assurance	Inadequate risk management arrangements and weaknesses in design, and / or inconsistent application of controls put the achievement of the organisation's objectives at risk in a number of areas reviewed.
Significant Assurance	Risk management and the system of internal control are generally sound and designed to meet the organisation's objectives. However, some weaknesses in design and / or inconsistent application of controls do not mitigate all risks identified, putting the achievement of particular objectives at risk.	No Assurance	Risks are not mitigated and weaknesses in control, and /or consistent non-compliance with controls could result / has resulted in failure to achieve the organisation's objectives in the areas reviewed, to the extent that the resources of the Council may be at risk, and the ability to deliver the services may be adversely affected.

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 2015/16 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 audit plan was no longer relevant or has been deferred to a later date to fit with client needs and current objectives.

Minimal audit work was 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 2015/16, including those audits carried forward from 2014/15;

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 5 of the Accounts and Audit Regulations (England) Regulations 2015** 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....."
- **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.

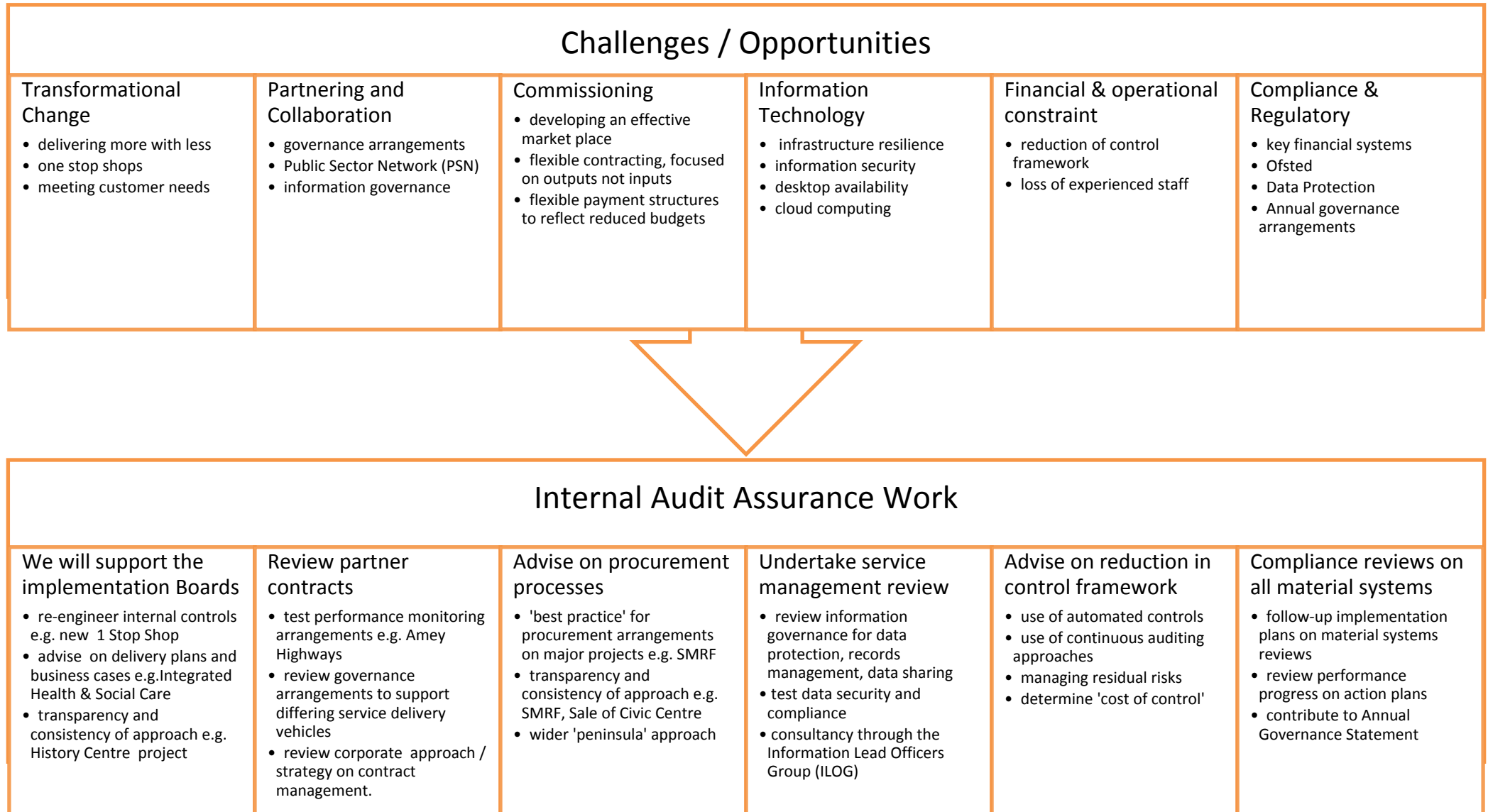
Our Internal Audit Manual provides the method of work and Internal Audit works to and with the policies, procedures, rules and regulations established by the Authority. These include standing orders, schemes of delegation, financial regulations, conditions of service, anti-fraud and corruption strategies,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

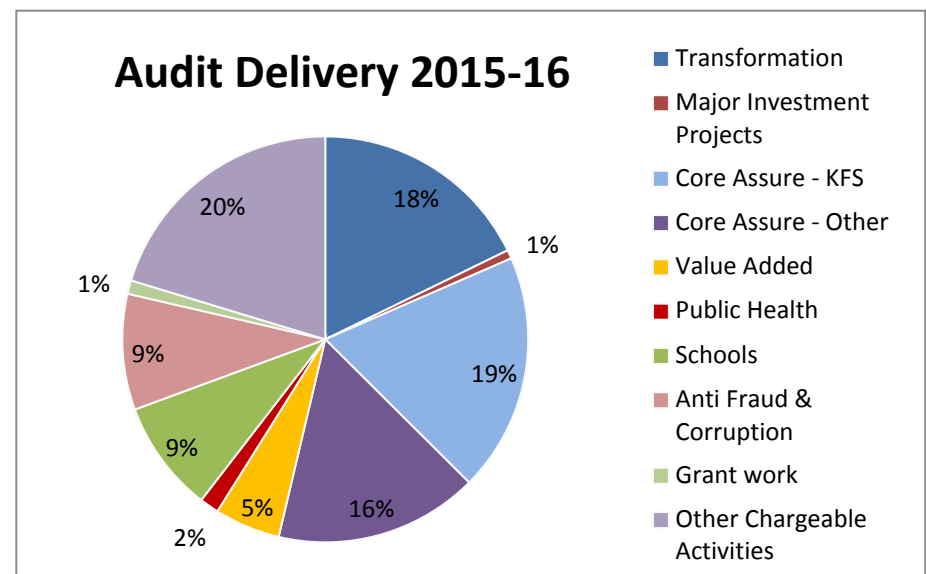
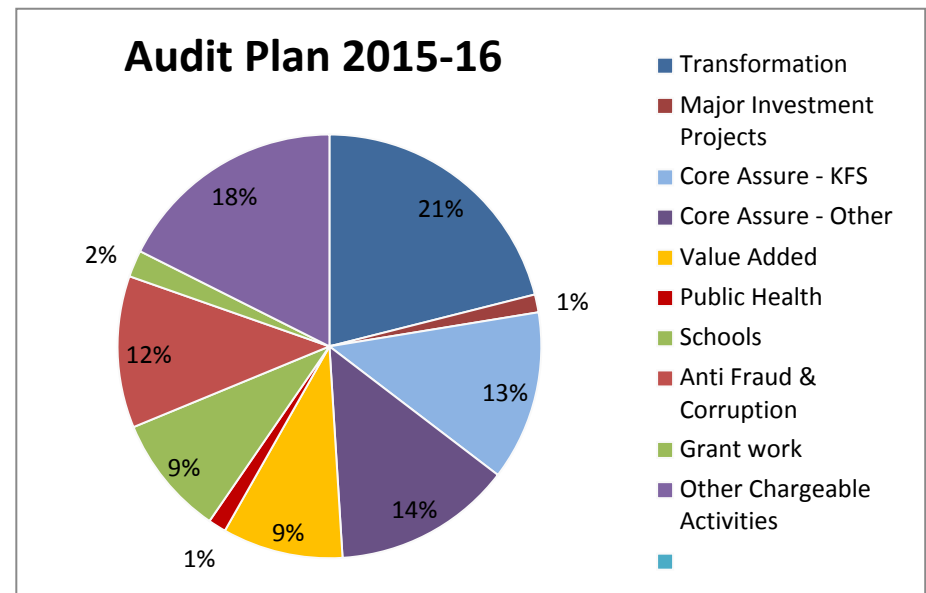


Audit Coverage and performance against plan

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 2015/16 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 2015/16, 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 2016. 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 and will be subject to peer review in November 2016.

Improvement Programme – DAP maintains a rolling development plan of improvements to the service and customers. All recommendations of the external assessment of PSIAS and quality assurance were included in this development plan and have been completed. This will be further embedded with revision of our internal quality process through peer review. Our development plan is regularly updated and a status report was reported to the Management Board in October 2015.

Performance Indicators

Overall, performance against the indicators has been very good (see appendix 3). The targets were increased for some indicators yet we have met or exceeded most. 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 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.

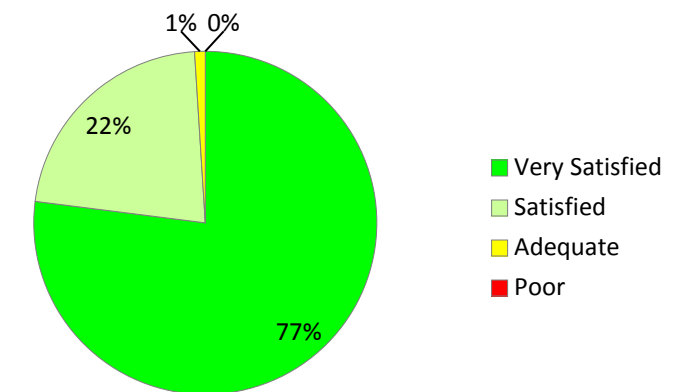
Added Value

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 Audit draws attention to Value Adding Activities beyond the aspects of the material system audit which will assist the service in making improvements".

"The whole Audit experience was thought provoking, and the depth of understanding by the Auditor of the work processes we use, and could use, was very impressive. We have already improved our use of IT to achieve efficiencies in time taken to deal with TPO applications, and are planning training sessions to assist planning officers".

Analysis of Customer Survey Results 2015-16



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;
- continued support, advice and challenge as Trusted Advisor on the contract management arrangements relating to the South West Devon Waste Partnership, to ensure that the City Council’s interests are protected;
- review and mapping of existing “Missed Bins” process, working with management and DELT to develop reports that provide better intelligence to assist in understanding the issues within this service delivery. Our work has been used as part a Street Services review, under Transformation;
- identification of weaknesses within the domiciliary care payment process with regard overpayments and lack of service package authorisation. A subsequent follow-up review has shown that steps have been taken to address the reported issues;
- drawing attention to areas where development of the iTrent HR solution could support the Payroll Service in growing the business.
- challenging and verifying the results of the P3M3 maturity self-assessment conducted by the Portfolio Office.

Place

- continued support, advice and challenge on the contract management arrangements for the South West Devon Waste Partnership, to ensure that the Council’s interests are protected;
- review and mapping of existing “Missed Bins” process, working with management and DELT to develop reports that provide better intelligence to assist in understanding issues within this service. Our work has been used as part of a Street Services review, under Transformation.
- Identification of opportunities for closer working and sharing of knowledge and information between officers with responsibility for tree management, within Street Services and Planning.
- Highlighting potential opportunities within Integrated Transport that had yet to be realised for example improved fleet information, income generating schemes and introduction of a dedicated transport unit.

People

- identification of weaknesses within the Domiciliary Care payment process with regard overpayments and lack of service package authorisation;
- benchmarking / analytical review comparing Plymouth’s fostering allowances with other relevant local authorities will be used by Fostering Services when reviewing the fostering allowance policy;
- carrying out an independent review of the evidence supporting the Council’s self-assessment of its ability to carry out the Director of Children’s Services role in accordance with Department for Education (DFE) requirements.

Schools

The Partnership has supported the School Health Check process providing 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. This information has been used in assessing overall status for schools through vulnerable budget reviews, governance and school improvement. The result of our input has been: the intervention and review of schools by governor support and school improvement and follow-up audits to raise standards.

The culmination of this work has lifted 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 key financial system controls are well maintained and where weaknesses have been identified, management have responded positively to our recommendations. Issues identified in our 2014/15 report on the main accounting system are found to have been addressed in our latest audit.

The continued reductions in government funding have meant that the Council has had to review the provision of services and how they are delivered. As service areas looked to review and transform, Audit provided an independent review of ways to streamline service delivery and processes. This also included the verification of the P3M3 maturity self-assessment exercise conducted by the Portfolio Office.

Several areas within the Plan support key elements within transformational change and as our work progresses, synergies may be identified with other projects. For example, our mapping of existing and future “missed bins” processes has been shared with the Customer Services Transformation programme to inform aspects of the Digital Services project in terms of intelligence gathering and sharing.

Internal Audit supported the project to improve customer engagement in respect of comments, compliments and complaints. The new scheme went live in May 2016 and utilises the new Firmstep platform. Support will continue during the implementation of Firmstep platform as it is rolled out across other service areas, providing them with opportunities to improve citizen engagement.

With the Council’s retained client function having been in place for a number of months, an independent audit review of the function was undertaken. The principles, in terms of lessons learnt around contract management, in particular with regard to the level of resourcing of a retained client function, need to be taken forward by the Council as a whole and by teams/officers responsible for managing contracts in the future.

People

With continued development of an integrated and pooled budget/funding arrangement with NEW Devon CCG, exceeding £460m, Audit worked with the CCG and their auditors to examine and comment on various aspects of the programme including the reporting of financial information and governance.

The Integrated Health and Wellbeing Programme continues to be supported through both ad hoc dialogue with programme and operational staff, along with more formal pieces of work. This, along with the work linked to the Integrated Fund, is one of the high risk areas where audit resource continues to be focused.

Changes made by Central Government to the implementation of Care Act Part 2 (deferring most aspects until 2020) have resulted in less support being required for Care Act implementation in year. However, work was undertaken to review and support the ongoing compliance with Care Act Part 1.

Audit identified key risks with payments to Domiciliary Care providers. Existing processes and contracts led to the Council overpaying some providers, payments that do not reflect actual levels of provision. In addition, we identified that some key management reports were showing incorrect information. In response to this, contracts have been amended whilst negotiations continue with one remaining provider and report parameters have been reviewed.

Work was carried out to examine the restriction of access to CareFirst records following a query regarding staff access, where they are also a client or have an interest with a client.

Public Health

Audit identified a number of risks with regard substance misuse contracts. As contracts had not been retendered for a number of years it was difficult to be assured a quality value for money service was being received. There was also a major risk of non-compliance with EU procurement rules. Whilst data feeding into the National Drug Treatment Monitoring System (NDTMS)

provides useful national benchmarking figures it does not provide commissioners with all the information required to ascertain whether a quality value for money service is being provided.

Place

Audit work undertaken on GAME Transformation has included work on waste collection, tree services and the Integrated Transport programme.

Following our review of the service responsible for Tree Preservation Orders, a similar review has been undertaken of Tree Management within Street Services. This identified opportunities for closer working between the two teams especially how to better utilise the professional knowledge of Tree Officers and with partners, and sharing tree asset information and strategy. At the request of management the two reports were consolidated into one.

Our review of Integrated Transport identified a number of areas that had been successfully implemented; for example a reduction in the size of the Council's fleet and the development of commercial opportunities. However, it also highlighted weaknesses in understanding the realisation of outcomes and their benefits, resource and financial management.

We have provided challenge, advice and best practice guidance on the evaluation model and criteria as well as general procurement and contract controls associated with the tender process for the new Highways Maintenance contract due to commence in April 2017.

The principles, in terms of lessons learnt around contract management need to be taking forward by the Council as a whole and by teams/officers responsible for managing contracts in the future. Audit has worked with the team overseeing the PFI Waste contract to ensure that robust contract monitoring and assurance plans are in place.

Overall, in addition to audits undertaken as per the plan, advice and guidance has been provided to managers and staff at all levels across all Directorates

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
- Business Continuity / Disaster Recovery Plan.

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 2015/16 and are subject to a full audit in 2016/17.

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 31st March. Currently There are 63 maintained schools within Plymouth City Council but 12 schools did not formally submit the 2015/16 signed self-assessment by 31st March 2016. One of these schools 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. Therefore 11 schools failed to comply with the DfE requirements and the Scheme for financing schools. 8 of these schools submitted their return in April which has left 3 outstanding.

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 Cabinet Office runs a national data matching exercise (The National Fraud Initiative - NFI) every two years and the Council have now concluded its review of the data matches that were received as part of the 2014/15 exercise. Work undertaken across the Council has achieved the following results;

- Ten housing benefit claims were identified where overpayments arising from fraud or error, amounting to £29,500 and these are subject to ongoing recovery. Of the six claimants considered to have fraudulently claimed, three have been prosecuted and three others formally cautioned. A review of council tax single persons discount has been undertaken and the results are currently being collated.
- Over 500 blue badges and concessionary bus passes have been cancelled where NFI records show that the Council were unaware that the holders were now deceased.

Irregularities - During 2015/16 Internal Audit carried out, or assisted in, a total of 12 irregularity investigations. Analysis of the types of investigation and the number undertaken shows the following:-

Issue	Number
IT Misuse	5
Employee Conduct	4

Issue	Number
Financial Irregularities	2
Conflict of Interest	1

Audit continued to investigate suspected misuse of the Council's email and internet facilities. Audit received requests from management asking for the examination of email, instant messaging and internet records and were able to provide management with reports evidencing usage and our findings which were then used in deciding whether to take further action against individuals. Of these cases, two members of staff are no longer employed by the Council.

Of the employee conduct cases, one concerned a member of staff who it is alleged inappropriately sent sensitive personal information to an email recipient who should not have had access to such data. Another case involved allegations made under the Council's whistleblowing arrangements regarding the alleged misappropriation of Council and staff property and subsequent sale via Ebay. Both members of staff involved have been dismissed following disciplinary investigations. The final case of note relates to the failure of an agency member of staff to declare a previous criminal conviction. The individual was removed from his position. A subsequent audit review of the Council's recruitment procedures concluded that, if adhered to, the procedures in operation, both internally and at the Council's contracted recruitment agency, provide appropriate mitigation against the risk of fraud.

The conflict of interest case relates to the personal circumstances of a member of staff which should have necessitated restrictions being placed upon their access to the Carefirst system. An audit review of the procedures governing Carefirst access has been undertaken and recommendations made to improve processes. DAP continue to work with administration managers within Adult Social Care and Children's Services to implement the recommendations.

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 – Only one irregularity arose during 2015/16 and related to allegations raised under whistleblowing arrangements. It was alleged that a senior member of staff had explored the potential of using a flooding incident to claim on the school's insurance for items that had suffered no damage. This issue was investigated and it was concluded that there was insufficient evidence to suggest that there had been a serious intention to pursue an inappropriate claim and that the allegations were likely to have been a result of individual interpretation and recollection. Advice was provided to the school regarding the importance of ensuring that comments made by senior staff are, as far as possible, free from ambiguity.

Appendix 1 - Annual Governance Framework Assurance

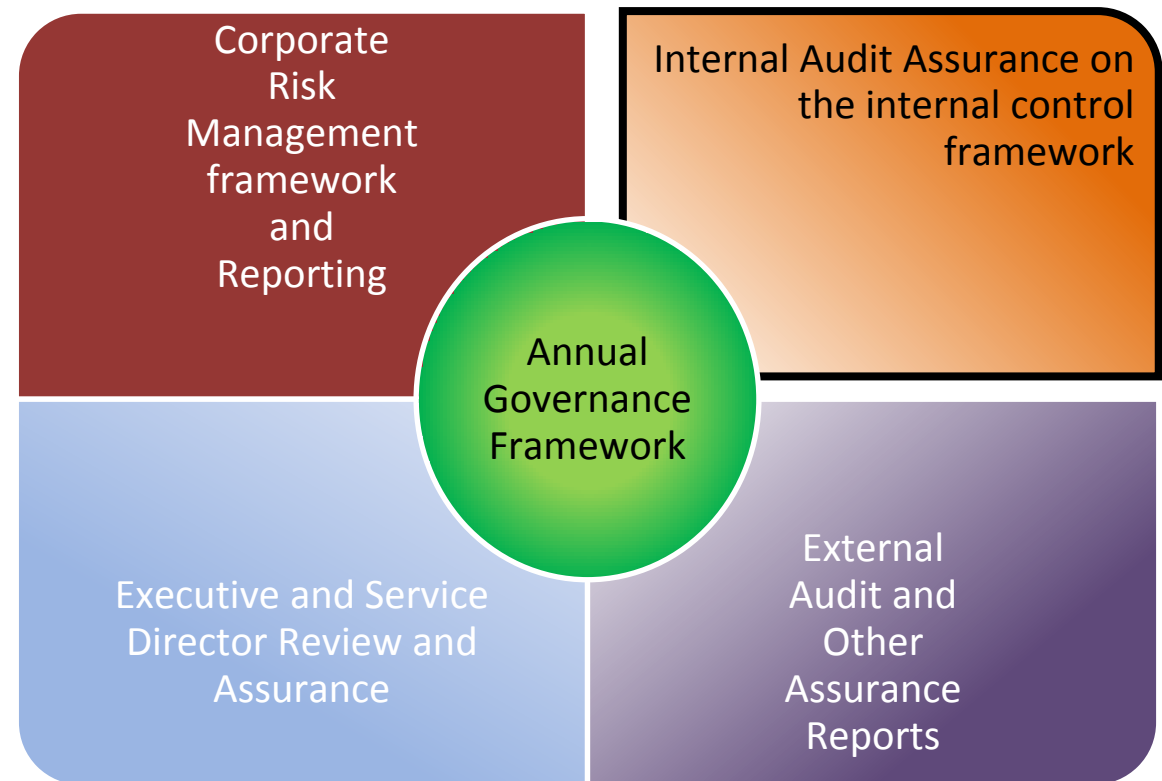
The conclusions of this report provide the internal audit assurance on the internal control framework necessary for the Committee to consider when reviewing the Annual Governance Statement.

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:-

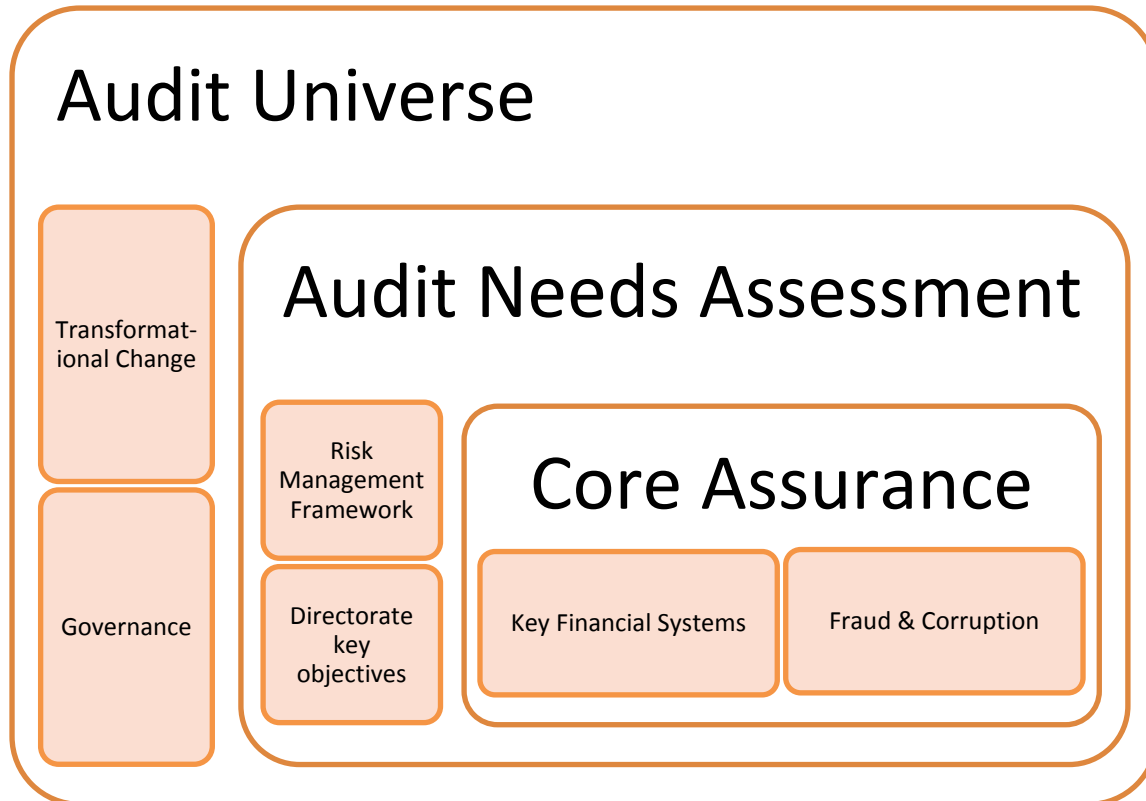
- be prepared by senior management and signed by the Chief Executive and Leader of the Council;
- highlight significant events or developments in the year;
- acknowledge the responsibility on management to ensure good governance;
- indicate the level of assurance that systems and processes can provide;
- 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.

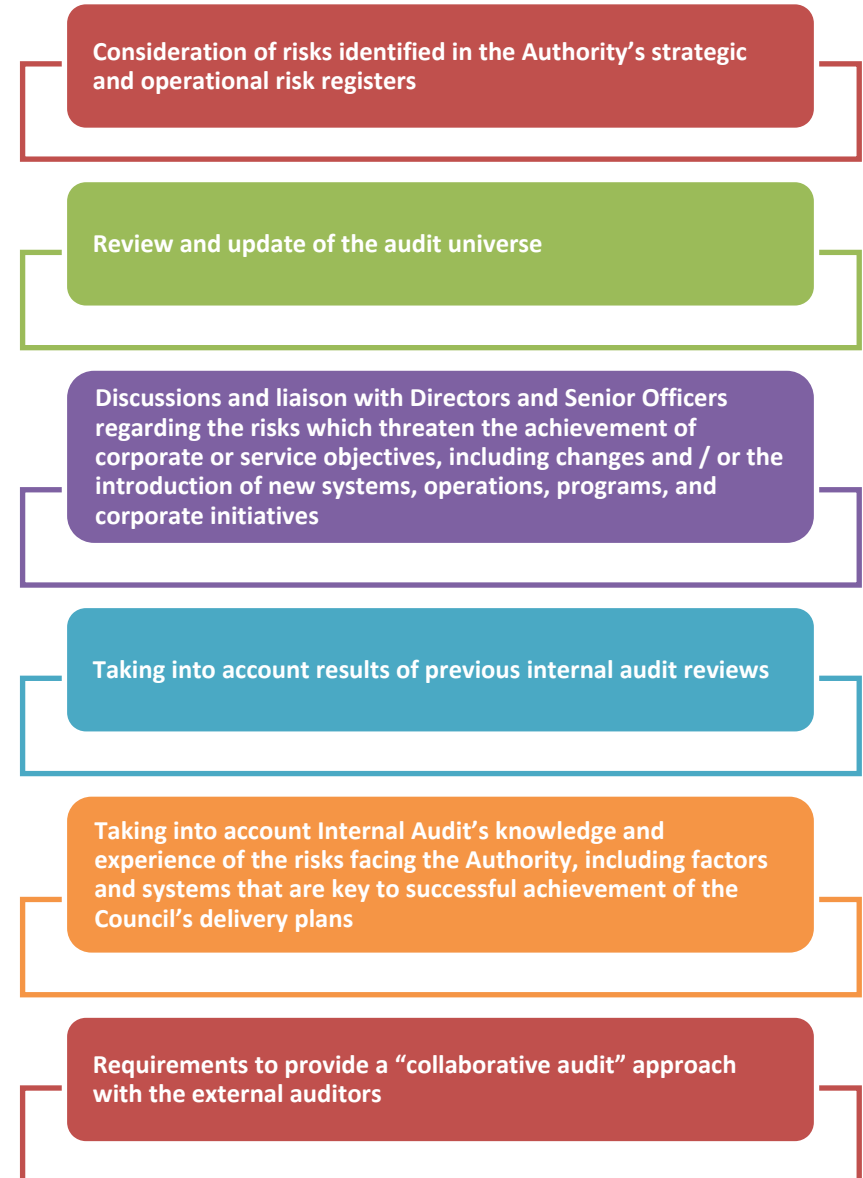
Appendix 2 - Audit Needs Assessment



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 2015/16 was built from this assessment.

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



Appendix 3 – Performance Indicators

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

Local Performance Indicator (LPI)	2014/15	Plymouth 2014/15	2015/16	Plymouth 2015/16	DAP 2015/16
	Target	Actual	Target	Actual	Actual
Percentage of Audit plan Commenced (Inc. Schools)	100%	98%	100%	100%	100%
Percentage of Audit plan Completed (Inc. Schools)	93%	94%	93%	98%	94%
Actual Audit Days as percentage of planned (Inc. Schools)	95%	96%	95%	90%	95%
Percentage of fundamental / material systems reviewed annually	100%	100%	100%	100%	100%
Percentage of chargeable time	65%	69%	65%	70%	68%
Customer Satisfaction - % satisfied or very satisfied as per feedback forms	90%	99%	90%	98%	99%
Draft Reports produced within target number of days (currently 15 days)	90%	94%	90%	98%	87%
Final reports produced within target number of days (currently 10 days)	90%	99%	90%	98%	96%
Average level of sickness absence (DAP as a whole)	2%	5.5%	2%	5.9%	5.9%
Percentage of staff turnover (DAP as a whole)	5%	16.6%	5%	4%	4%
Out-turn within budget	Yes	Yes	Yes	Yes	Yes

Overall, performance against the indicators has been very good and has maintained improvement on 2014/15 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 2015/16




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	
Transformation – Overall Programme					
P3M3 Maturity Assessment	Client Request	Complete	Value Added	In 2014, the Council commissioned its first P3M3 assessment of how “mature” its implementation of Portfolio, Programme and Project management was. In order to gauge progress in developing best practice in the running of projects and programmes, the Council’s Portfolio Office conducted a maturity self-assessment in October 2015 and asked Internal Audit and the council’s Policy, Performance and Planning Team (PPP) to challenge, verify and report on the results. These showed positive developments across many of the assessed areas at each of the three levels but also highlighted areas that required improvement.	 **
Transformation - Co-operative Centre of Operations (CCO)					
Integrated Assurance (inc Assure Project)	Client Request	Complete	Value Added	<p>The strategic design for Integrated Assurance was put on hold with resources focussed on Corporate Fraud commercialisation business case. DAP fed into that process providing information and recommendations regarding:</p> <ul style="list-style-type: none"> • corporate debt recovery; • industry standards; • reporting lines. <p>Future work on Assure will be progressed under the Finance FIT Project.</p>	 **





Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				In addition, Audit have provided support and assistance in the development of an Integrated Assurance Strategy for the Portfolio Office which aims to provide visibility of all Programme and Projects with the Portfolio risks and functions and designed to support Programme and Project Managers.	
Service Integration and Management inc. Intelligent Client, Commissioning and Procurement, Category Management and Contract Management	SRR – Red ANA - High	On-going	Value Added	DAP has offered our knowledge and experience to the Commercial Services Team through support and challenge as strategies and procedures are reviewed and developed.	 **
Civica Financials Project	ANA - High	Completed	Value Added	The work to improve the Civica systems has been included within the scope of the technology workstream within the Finance FIT project. DAP input will be required during 2016/17 to support successful implementation and robust controls in place.	 **
Transformation – Customer & Service					
Customer Feedback		Completed	Value Added	<p>In liaison with the Project Manager, Internal Audit has provided support to the Customer Feedback Focus Group, part of the project to improve customer engagement in respect of comments, compliments and complaints. The new scheme, known as “Feedback - comments, compliments & complaints”, went live in May 2016 and utilises the new Firmstep platform.</p> <p>It is expected that there will be short a period of time where staff and the public get used to the new scheme and, the potential improvements it offers. An Interim Complaints Triage Officer has been established to embed the new process and accelerate in-house learning and knowledge. This position will also be responsible for dealing with instances of multiple complaints and those which do not process via automated triaging and require the provision of further support to the customer.</p>	 **



Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Transformation – Growth, Assets & Municipal Enterprise (GAME)					
Fleet Management	SRR – Red ANA – Medium Client Request	Final	Value Added	Three reports have been issued which evaluated the progress of the Integrated Transport project, highlighting the successful outcomes achieved, opportunities not yet realised and lessons to be learned e.g understanding the realisation of outcomes and their benefits, resource and financial management.	 **
Street Services Review – See Below	SRR – Red ANA - High	N/A	N/A	The allocated resource in the original audit plan was utilised on audit areas as shown below, in agreement with officers	
Street Services – Missed Bins		Completed	Value Added	<p>Following the implementation of the City’s domestic waste collection routes, 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"> • software and technical solutions; • interaction and interface with the local community; • reporting and metrics and, included; • “As Is” and “To Be” process maps. <p>This work has been used as part of the CST led Street Services Review to which Internal Audit are continuing to provide support and advice. Work was also undertaken to assist with the improvement of key reports on the existing Dynamics CRM platform.</p>	 **
Street Services – Tree Management	Client Request	Final	Value Added	<p>The objective of this review was to ensure the best possible service provision from the Street Services Tree Team. Current working arrangements and procedures were determined and evaluated and the following areas highlighted to improve efficiency, reduce costs and release capacity to develop proactive work, adding value to the overall service:</p> <ul style="list-style-type: none"> • improve customer information available through the Council website and develop a specific clear route for reporting tree related problems; 	




Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				<ul style="list-style-type: none"> implementation of a stricter risk based approach to tree inspection and maintenance; development of a single complete, accurate and up to date record of tree asset information and maintenance activity; manual, resource intensive processes and procedures; consider how to better utilise the professional knowledge of Tree Officers across the Council and with partners through shared ownership of tree asset information and strategy. <p>At the request of Management, the findings of the two audit reports were consolidated into one report identifying potential opportunities for efficiencies that included:</p> <ul style="list-style-type: none"> integrating all tree management activity into one team where their skills, knowledge and experience could be better utilised through shared ownership of the City's tree asset information, strategy, inspection and maintenance programmes. investing in a single asset information and maintenance system and mobile work technologies that will allow real-time two way flow of information between the core asset information and the workforce in the field. 	
Transformation – Integrated Approach to Health & Wellbeing					
Integrated Community Health and Social Care Service Delivery	SRR – Red ANA - High	N/A	N/A	The allocated resources in the original audit plan are being utilised on the Integrated Health and Wellbeing Board, in agreement with officers.	N/A
Integrated Commissioning	SRR – Red ANA – High	N/A	N/A	The allocated resources in the original audit plan are being utilised on the Integrated Health and Wellbeing Board, in agreement with officers.	N/A
Integrated Health & Wellbeing Board (IHWB)	SRR – Red ANA - High	Complete	Value Added Situation Report Issued	Work to support the IHWB Programme has included attendance at the IHWB Programme Board. Through this we have been able to keep informed of, challenge and support the key aspects of IHWB. An interim update report was issued which commented on a number of areas including Programme Staff,	



Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				<p>Board Operation and Governance, the System Enablers Project, Integrated Fund Finance and Assurance monitoring and Knowledge Management.</p> <p>The recommendations recognised the achievements made and the need to review the existing set up and structures to ensure that the next set of aims and goals could be achieved.</p>	
IHWB Governance & Risk Management	SRR – Red ANA - High	Draft	Good Standard	<p>This review confirmed the breadth of stakeholders linked to the creation of the Integrated Fund and the resulting complexity within the governance structures. The foundations of good governance such as clear authorisations in the form of a Constitution or Terms of Reference for those entities within the Integrated Fund structure were found to be in place, providing a solid base from which to progress.</p> <p>Risk Management within the Integrated Fund is considered to be “developing” and it is clear that the right people are involved from the respective organisations. Work is progressing on the joining up of risk policy and risk registers with additional mitigation through the existing risk management processes of each organisation.</p>	
Implementing the Care Act	SRR – Red ANA – High	N/A	N/A	The allocated resources in the original audit plan are being utilised on Phases 1 & 2 of the Care Act implementation, as agreed with officers; see below.	N/A
Implementing the Care Act (Phase 1)	SRR – Red ANA - High	Final	Value Added Situation Report Issued	<p>Phase 1 of the Care Act was implemented on 1 April 2015. We carried out a specific review of the key aspects and resulting Council compliance and issued a situation report in July 2015. This commented on areas including Care Act Training, Client Finance Services workloads, invoicing and Safeguarding Adult Board (SAB) requirements. Areas for improvement included:</p> <ul style="list-style-type: none"> ensuring that eLearning packages are suitable and accredited; ensuring that project documentation is stored centrally and available for all related persons; the need to improve the way invoices are produced so that there is clear information on charges applied for services billed; arranging final sign off for the SAB Strategic Plan and evidencing the agreement to formally share information. 	




Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Implementing the Care Act (Phase 2)	SRR – Red ANA - High	Complete	Value Added	<p>Work commenced in April 2015 on the implementation of Phase 2 of the Care Act with a deadline of April 2016. Phase 2 included:</p> <ul style="list-style-type: none"> introducing a cap on Care Costs; providing a Statement which outlines eligible costs for the cap, accrued for those not receiving their care through the Council; Care Accounts for recording costs; a system of appeals linked to the implementation of Part 1. <p>In July 2015, the Government announced the delay of Phase 2 until 2020 to allow further consideration of the impacts. In light of this, the Care Act Part 2 Project has been refined to look at implementation of the Deferred Payments module to CareFirst and actions required to ensure ongoing Part 1 compliance. Audit have provided the Project Manager with guidance on project governance.</p>	
Co-operative Children, Young People and Family Services	SRR – Red ANA - High	Complete	Value Added	<p>The Co-operative Children, Young People and Family Services (CYPF) project within the IHWB Programme contains a number of strands. Work was undertaken by the project to identify these and audit support was provided through the Project Board. Due to the completion of work streams and scheduled phased implementation of the Early Help Gateway, the project board has been reformed under the heading of Children’s Improvement Board, the scope updated and the audit resource deployed into the System Enablers Project.</p>	N/A
Transformation – People & Organisation Development					
<p>DAP provided support and challenge as Trusted Advisor to the workstreams that come under the responsibility of the People and Organisation Development Transformation programme, in particular Accommodation and Infrastructure as officers worked to ensure that remaining services were decanted from the Civic Centre in line with the agreement with Urban Splash. This was achieved in October 2015.</p>					
Major Infrastructure & Investment Projects					
Highways Contract Procurement	ANA – High Client Request	On-Going	Value Added	<p>DAP has attended the Highways Project Board as Trusted Advisor, set up to oversee the re-tendering of the City’s Highways maintenance contract, a joint procurement with Devon and Somerset Councils, to ensure that risks and issues are identified and mitigated. Challenge, advice and best practice guidance has been provided to officers on the evaluation model and criteria as well as general procurement and contract controls.</p>	



Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Waste PFI	SRR – Green ANA - High	On-Going	Value Added	DAP has continued its presence as Trusted Advisor on the Project Executive Board and working with the Contract Team to establish Audit and Assurance Plans.	 **
History Centre (Record Office)	ORR – Amber ANA - High	On-Going	Value Added	DAP have provided support, advice and assurance to the Project as it progresses through the design stages.	 **
Value Added					
Pension Advice	Client Request	Complete	Value Added	A briefing note was prepared outlining key points such as legal requirements, guarantees, valuations and the information needed to be included in any tender documentation, that finance officers should consider when dealing with pension arrangements associated with the introduction of new service delivery vehicles.	N/A
Management of DELT Contract	ANA – High (Client Request)	Final	Improvements Required	<p>Audit worked with Audit South West, the Internal Auditors for CCG, to provide high level assurance on the robustness of the governance and operational arrangements covering the provision of ICT services from Delt Shared Services Ltd.</p> <p>The review found some weaknesses in the design and/or operation of controls which could impair the achievement of the service’s objectives. Delt management have responded positively and an action plan has been agreed and is currently being implemented.</p>	
Financial Regulations	ANA – Medium (Client Request)	In-progress	Value Added	The work undertaken across the Council’s key financial systems has been used to help inform an appraisal of the current version of Financial Regulations. A report is being finalised which will present a number of options that could be considered as part of the next “refresh” of Financial Regulations.	
People – Completion of Fostering Review	ANA - High Client Request	Complete	N/A	Further to a request from management, DAP has undertaken benchmarking / analytical review comparing Plymouth’s fostering allowances with those of its ‘nearest neighbours’ (as defined by Cipfa / Audit Commission), with other relevant local authorities in the South West and “South Coast” unitary authorities. The findings from this review will be used by Fostering Services in future consultation with Plymouth’s in-house foster carers when developing a revised fostering allowance policy.	






Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
The following value added review was subsequently not required by the Client. <ul style="list-style-type: none"> Capital Programme Governance - ANA - High (Client Request) 					
The following review was not undertaken in light of lack of audit resources. <ul style="list-style-type: none"> Plymouth Community Homes Contract - ANA – Medium (Client Request) 					
Core Assurance – Key Financial System					
Civica Financials – Debtors	ANA - Low	Final	High Standard	<p>The Transaction Centre continues to adapt to change whilst looking to streamline procedures to further improve efficiency. The Client Financial Services (CFS) Team are now part of the Transaction Centre and a separate Income and Recovery Team and Cash and Billing Team has been created to administer sundry debt.</p> <p>Internal controls regarding the Debtors system remain at a good standard. There has been an increase of almost 3% when comparing the collection rate at February 2016 (96.2%) to February 2015 (93.7%) and this figure is above the yearly target of 95%. Overall, sundry debt raised has increased from £79.7m (end of March 2015) to £96.1m as at the end of February 2016.</p>	
Civica Financials – Creditors	ANA - High	Final	Good Standard	<p>Overall the controls operating within Plymouth City Council's Purchasing and Creditor systems continue to operate at a good standard. Purchasing and Creditor system controls and user profiles continue to ensure:</p> <ul style="list-style-type: none"> orders are placed with approved suppliers and best value is achieved; separation of duty between the raising and authorisation of purchase orders; separation between the input and authorisation of invoices for payment; payments are checked for accuracy, completeness and are appropriately approved in line with financial regulations. <p>The Transaction Centre continue to develop procedures, working closely with the Financial Systems Team to make better use of automated system controls and reporting tools to further improve service efficiency . However changes that have taken place over the last few years are not reflected in current Financial Regulations, supporting governance documents or procedural guidance. This is a Council wide issue and needs to be considered as part of the wider review.</p> <p>The effectiveness of purchasing and payment processes rely on service area</p>	




Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				<p>staff complying with corporate procedure, the Transaction Centre and Financial Systems Team continue to manage this through routine monitoring and challenge.</p> <p>As at the 31st March 2016 performance targets for payment of invoices were comparable to previous years and reaching target.</p>	
Civica Financials - Main Accounting	ANA - Medium	Final	Good Standard	<p>Main accounting system processes are operating effectively within a sound overall control environment with most processes operating as expected and as required by the organisation. There are some areas where consideration and implementation of additional measures would further enhance the existing control framework, these included:</p> <ul style="list-style-type: none"> attaching supporting evidence relating to journals and virements to the system; a review of the reconciliations undertaken to determine if they are still required or if they could be replaced by automated control or consolidated. 	
Academy System Parameters	ANA - High	Final	Good Standard	<p>The relevant systems and controls in place for continued to operate to a good standard. The bills issued and benefits applied were calculated correctly. The calculations were re-performed during the audit and all were found to be accurate.</p> <p>The review did highlight that looking forward to 2016/17 and following restructures within the revenues and benefits service areas, it was not possible to identify who would be responsible for updating the NNDR and BIDS system parameter work for the next financial year. This concern was addressed by management who determined that the responsibilities will sit with the Customer Services Team.</p>	
Academy – NNDR (Business Rates)	ANA - Low	Final	Good Standard	<p>NNDR administration and collection processes within the Transaction Centre are of a good standard. System parameters and automated controls have ensured accurate billing, effective debt recovery and the integrity of financial data. Consistent application of policy, procedure and automated controls is reflected in the performance results.</p> <p>Whilst day to day NNDR administration is undertaken by the Transaction Centre, Academy system ownership and system control roles and responsibilities have</p>	

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				<p>been unclear. Transaction Centre and Customer Service Managers have now discussed and determined roles and responsibilities for NNDR Academy system administration procedures; these will sit with Customer Services who will carry out the procedures alongside those required for Housing Benefits and Council Tax. This is considered good practice as it ensures Academy system skills and expertise are utilised across all three Academy applications and separation of duties is maintained. Regular meetings will be held to ensure ongoing effective management of the system.</p>	
Academy - Council Tax	ANA - Medium	Final	Good Standard	<p>Council Tax collection rates continue to be the key performance measure, with collection rates for 2015/16 at 96.76%. Although this figure is below the target of 98.50%, it represents an improvement on the 2014/15 figures, where the outturn was 96.20%. The value of collectable debt for 2015/16 increased to £108.3m from £104.4m in 2014/15</p> <p>In response to previous audit recommendations a target of £3.0m was set for collection the collection of aged debt and this was exceeded, with collection at the end of March standing at £3.017m. Records show that this was a significant improvement on the £2.4m of aged debt collected in 2014/15.</p> <p>Historically, monitoring arrangements regarding Single Persons Discounts (SPD) have been inconsistent and on occasions absent from annual work processes. It has been advised that the department will be utilising the services of a 3rd party to run a review throughout 2016/17. Moving forward, in response to audit recommendations, a review of SPD will be undertaken on an annual basis, the scope and methodology of which will be considered prior to each review.</p>	
Academy - Housing Benefits	ANA - High	Final	Improvements Required	<p>The department has been operating with a 30% reduction in resources and as such it has been a challenge to address performance with difficult choices having to be made regarding the prioritisation of work. At the end of February 2016, the average time to process new claims was 22.62 days and 8.49 days for changes in circumstance, against targets of 10 and 7 days respectively.</p> <p>In response the department has instigated weekly performance meetings and performance management arrangements focused on productivity and visibility of outstanding workloads.</p>	

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				<p>For 2016/17 following our recommendations the department has plans to:</p> <ul style="list-style-type: none"> • Implement a risk based verification framework for determining evidence requirements in support of claims; • Reinststate a quality assurance framework; • Identify a resource to focus on recovering overpayments. 	
iTrent - Payroll	ANA - High	Final	High Standard	<p>The review of iTrent found that the controls around the operation of the payroll system were found to be operating effectively. The ongoing 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>Reconciliations of the payroll data continued to be undertaken, ensuring the validation, accuracy and completeness of the data which feeds the main accounting system.</p> <p>System access and overall system security controls are robust and in accordance with corporate standards that in turn, mirror best practice. The provision of user access to the iTrent application is managed to ensure that staff are only provided with access to functionality that is appropriate to their role.</p>	
Fixed Asset Register	ANA - Medium	Final	Good Standard	<p>Due to the nature of the audit and the timing of the year end processes, this work relates to the system in operation during 2014/15 which found the processes and management practices in place to manage the Council's fixed assets and capital resources appropriate and effective.</p>	
Treasury Management	ANA - Low	Final	Good Standard	<p>The core processes underpinning the Treasury Management (TM) function within the Council have changed little over time as they are based on the needs of the business which revolve around checking bank account balances, managing cash flow and maximising investments within the risk appetite set each year.</p> <p>There has been a move towards a greater use of the Institutional Cash Distributors (ICD) Money Market Investment Portal, which retains the ability to deposit daily and retrieve cash when required without a formal notice period. The Council's TM advisor, Arlingclose, play an important role in shaping investment strategies as the recognised experts.</p>	

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				<p>The records held in support of loans and investments made were complete and accurate but there is opportunity to rationalise the number occasions and different places where the same transactions/information are recorded. . Monitoring and reporting of Treasury Management activity continues to be transparent. Cash flow forecasting and the management of the Council's main bank account is effective with investments maximised and overnight balances minimised.</p>	
Dom Care Follow-Up	ANA – High Client Request	Final	Good Standard	<p>Due to the original review rating being Fundamental Weaknesses (included in the half year report), an in year follow up was undertaken which focused on the “High” priority recommendations, a full and detailed follow up review is planned for 2016/17.</p> <p>The key issue of provider pre-payment had been addressed for all but one provider with payments now being made based on actual care provided. Where this return is not received in time for a payment run, payment is based on pre agreed planned care requirements. Reconciliations of 2014/15 invoices had been completed and the bespoke reports were now functioning as expected.</p>	
Core Assurance - Other					
Corp Information Management & Security <ul style="list-style-type: none"> • Business • IT Inc. PSN 	SRR - Amber ANA - High	On-Going	Value Added	<p>DAP continued to attend and support the Information Lead Officers Group (ILOG) throughout 2015/16 and has regular contact with the Council’s Corporate Governance Manager regarding matters concerning data / information management and security for example information handling within Print and Document Services (see below).</p> <p>Work has been undertaken on a follow-up of the Data Protection audits conducted in the previous two financial years. Consideration was also given to the ICO remediation plan to ensure that audit recommendations that mirrored the findings of the ICO report were not administered twice. All recommendations previously made by Internal Audit have been reviewed and either considered to be actioned, captured by the ICO remediation plan, remain outstanding or are part of ongoing ILOG activities. A formal report to consolidate all current and outstanding Information Governance issues identified during work conducted in 2015/16 has been issued. Responsibility for remedial actions has been assigned to ILOG, with individual responsibilities being designated by the Corporate Risk & Insurance Manager where necessary.</p>	

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
CareFirst – Access Restrictions	Client Request	Complete	Value Added	Records are restricted on CareFirst where members of staff become service users or a service user (recorded on CareFirst) is known to a member of staff in a personal capacity. There is potential for conflicts of interest where staff know people in the care system. Management are aware of potential areas and are considering work arounds where system / network access restrictions are not available. Additionally, some records have high level of restriction that no-longer require such control which may slow work flow.	
Retained Client - Deprivation of Liberty Safeguards - (DoLS), DoLS - Internal Systems and Processes	ANA - High	Draft	High Standard	The internal processes undertaken by officers ensure that applications are processed in an efficient and consistent manner. The key recommendations made were designed to ensure that the processes are accurately documented to aid the maintenance fo a high standard moving forward.	
DoLS - Compliance with Statutory Deadlines	ANA - High	Draft	Improvements Required	<p>As with most local authorities, due to a High Court ruling which increased the number of cases subject to DoLS, Plymouth City Council is unable to meet the current demand of applications. This risk is recognised in the Corporate Risk Register and an action plan is in place to mitigate the risks of challenge and to address the backlog of cases awaiting assessment.</p> <p>Performance is carefully monitored and reported to management on a monthly basis. This includes the numbers of applications received during the month and the numbers of assessments completed. The numbers of reassessments due and completed are also monitored closely.</p>	
Client Billing (Follow Up work as part of Debtors Audit)			Value Added	When Client Financial Services (CFS) transferred to the Transaction Centre there was a backlog of financial assessments and the inconsistent use of CareFirst meant that financial assessments were not being identified or undertaken. As at October 2015 there were 279 outstanding financial assessments.	
			Situation Report Issued		
		Issued as part of Debtors Audit	Good Standard	Work has been undertaken to resolve these inherited issues and additional resources directed to address the backlog of financial assessments. Significant action has been taken by CFS and at the end of March 2016, the number of cases awaiting financial assessment by CFS had reduced to 59, a further 114 cases were awaiting contract for services after which they would need a financial assessment undertaken.	

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Direct Payments (Follow Up)	ANA - High	Final	Improvements Required	<p>Although some progress has been made towards implementing the outstanding recommendations, actions have not been completed. As with the previous follow up findings there is still a need to update or draft policies and procedures and to ensure that staff follow them. Some of the procedures which were identified for improvement in the audit were considered by Management to fall under Livewell Southwest's responsibility following the transfer of the Adult Social Care function.</p> <p>In January 2016 the Council produced a Business Case for a project to document and review the Direct Payment process from support plan through to card closure. The project is now underway and includes a full review of procedures, guidance and roles and responsibilities. The recommendations made will be fed into the project.</p> <p>A separate extract for discussion with Livewell Southwest includes recommendations relating to procedures and guidance and these should also be included for consideration as part of the Direct Payments project.</p> <p>As there are a number of recommendations linked to policies and procedures which remain outstanding, the assurance opinion remains as Improvements Required.</p>	
Early Intervention (Families With a Future)	Statutory Client Request	Ongoing	Certified	<p>Advice and support has continued to be provided as systems have been developed to evidence and track outcomes under Phase 2 of the Families With a Future programme. The robustness of the new recording, monitoring and reporting tool developed in house has been evaluated and a total of three claims have been signed off by DAP, of which two relate to the Phase 2 extended programme.</p>	
Substance Misuse - Outcomes Measurement 2015/16	Client Request	Final	Improvements Required	<p>As the contracts have not been re-tendered for several years it is difficult for the service area to be assured that they are receiving a quality value for money service from the current providers, this may lead to compliance risks with EU procurement rules.</p> <p>Client data is input to the Halo Client Management system which, in turn, feeds into the National Drug Treatment Monitoring System (NDTMS). Whilst this</p>	

				<p>provides useful national benchmarking figures it does not give commissioners all the information they require to ascertain whether contractors are providing a quality "value for money" service where:</p> <ul style="list-style-type: none"> • contract monitoring was not always suitably completed; • performance data was not always regularly submitted to the City Council • quarterly contract monitoring meetings not always completed. <p>In preparation for the future integrated commissioning exercise a System Optimisation Group (SOG) has been running since September 2015 The Group is designed to allow the City Council to work with the current providers across the complex needs group. Information gathered can be used to help shape the procurement exercise and feed into System Design Group for the Community Based Care Commissioning Strategy and possibly the Enhanced & Specialist Care Strategy.</p>	
Print & Document Services (PADS)	ANA - High	Final	Improvements Required	<p>Procedures for the processing of print runs had recently been reviewed by the service area, with additional controls introduced to enable reconciliation of the print files to actual output but documented working practices had now been updated to accurately reflect those procedures.</p> <p>During site visits to the service area, physical security weaknesses were identified and recommendations made to address them. Management have responded very positively and remedial works have been undertaken which include:</p> <ul style="list-style-type: none"> • the construction of a stud partition with entry point; • new locks for the three entry/exit points; • changes to the procedures relating to incoming post so that NHS and PCC teams no longer need to access the service area to collect post. <p>We understand action plans have been addressed.</p>	
Business Continuity	SRR – Green ANA - Medium	On-Going	Value Added	<p>DAP continues to be a member of the Council's Business Continuity Strategy Group as Trusted Advisor. In addition, Audit give consideration to issues relating to Business Continuity plans within individual service reviews and projects that it has involvement in.</p>	

ICT - Retained Client Functions	ANA - High	On-Going	Value Added	<p>Both management and operational processes continue to develop as the business relationship between the Council and Delt Services evolves.</p> <p>A formal review of the 'retained client' function has been undertaken which assessed key retained functions and controls and the effectiveness of the Council's ability to meet transformational requirements and operate on a more commercial basis. The "early life" developmental relationship contributed to the Retained Client being used to manage operational relationships. This is common when the ICT service delivery model is changed and these activities were essential during the first year of the Delt contract. The function now needs development to enable the ability to optimise the value of the retained client through more "intelligent" and performance related activities and these are now being introduced.</p> <p>It is intended that this work will inform work to be undertaken during 2016/17, providing a framework to focus formal reviews of specific functional areas.</p>	
ICT <ul style="list-style-type: none"> • Service Strategy • Service Design 	ANA - High	On-Going	Value Added	<p>ICT audit resources have been input into general reviews of business systems including new business solutions, system development roadmaps and potential areas of service improvement that will deliver better value for money. Work (described elsewhere in this report) has been undertaken to support the Street Scene Review, Customer Feedback and the new FirmStep platform. Further support was provided in respect of ICT elements of the iTrent HR/ Payroll system, including support around technical issues and the developing self-service functionality.</p>	
Barclays "Spend Management"	ANA – High	Final	Good Standard	<p>The design of the system contains inbuilt controls which prevent users from exceeding their monthly credit and transaction limits. Purchases can only be made against merchant codes allocated to each specific cardholder in accordance with their role and service needs.</p> <p>Areas highlighted which would further strengthen the system include:-</p> <ul style="list-style-type: none"> • documenting the roles and responsibilities which are split between the Transaction Centre and the Financial Systems Team to ensure clarity and understanding; • developing a short VAT training session to ensure cardholders/ approvers:- <ul style="list-style-type: none"> - gain a better understanding of the complexities of VAT and how it applies in their specific areas of spend; and - understand the rules around VAT recovery and how this is needed by the Authority to help minimise expenditure. 	

Recruitment and Pre Employment Checks	Client Request	Draft	Good Standard	<p>The Council has an established process governing pre-employment screening and this is supported by a recruitment policy and guidance for recruiting managers. Existing procedures cover all recruitment risk areas including the requirements relating to posts working with children, young people or vulnerable adults, in accordance with the Warner Report 'Choosing with Care'. Provided procedures are followed during the recruitment process, the Council will maintain a good level of pre-employment screening and mitigate the risk of unsuitable candidates obtaining employment within the organisation.</p> <p>Overall, the testing undertaken during this review provides assurance that the pre-employment screening undertaken complies with the requirements of the Council's policies and procedures.</p>	
Travel and Subsistence	ANA - Medium Client Request	Final	Value Added	<p>Following the roll-out of HR self-service earlier this year for mileage and expense claims, we reviewed a random sample of employees from various departments to check that all receipts are retained, as required by HM Revenues & Customs and in line with the published process. No material errors were found.</p>	
Absence Management Follow-Up	ANA - High	Final	Good Standard	<p>The follow-up has shown that the majority of recommendations have been implemented. The system will be further strengthened in the following areas:</p> <ul style="list-style-type: none"> the service has identified a need for absence management training and Audit have recommended that a programme is developed and delivered in the coming 12 months. the Managing Investigations Guide to be reviewed with consideration given to including advice on milestones within the formal investigation process a review of sickness levels over a 3 year period in order to identify trends and to spot employees who have repeated absence but who may not fall within the Top 100. 	
Corporate Landlord Follow Up	ANA - High	Final	Improvements Required	<p>Whilst the final report was issued only 3 months prior to the follow-up review, satisfactory progress had been made and assurance gained that the issues arising from the initial audit were all being actively addressed though at the time not fully implemented.</p> <p>On a strategic level the drafting of a Strategic Asset Management Framework was shaping the principles by which the Council's assets are managed and how the Corporate Landlord function interacts with the accompanying Asset Management Plans.</p> <p>The Framework's monitoring arrangements include the creation of an Asset Management Forum, the absence of which was identified as a potential weakness within the initial audit. Operationally, a revised Maintenance strategy had been drafted and work was ongoing to ensure that site monitoring visits in respect of the Person In Control (PIC) process are up to date.</p>	

				Recommendations were made regarding the system limitations which were hindering the maintenance of reliable information regarding service delivery and performance and a solution was being progressed with DELT.	
Historic Environment	ANA – Low Client Request	Final	Good Standard	<p>Overall Historic Environment management (HE) is of a good standard. The skills and expertise of Officers are known and utilised. HE Officers roles and responsibilities have diversified over recent years to include planning application casework which is recognised as good practice. However with the continuing reduction of resources and the need to target these limited resources on service priorities there is a risk that proactive Historic Environment management will reduce.</p> <p>Developing a consolidated complete and accurate Historic Environment Record that can be made available electronically via the Council’s website will not only secure the future of the City’s Historic Environment Information but will allow customers to make informed decisions, reducing the impact on Officers time and developing capacity for proactive work.</p>	
Commissioning of Events	ANA - Medium	Final	Good Standard	This review assessed procurement undertaken across three 2015/16 Council events, MTV Crashes, Bonfire Night and Lord Mayors Day. In the majority of cases the procurement tested was found to have followed standard procurement routes, including the raising of Requests For Quotations (RFQ), the use of corporate contracts and properly authorised contract exemptions. The Events Team demonstrated a sound knowledge of the Council's procurement rules and work closely with the Council's Buyers.	
EasyLet & HouseLet Follow-Up	ANA - Low	Final	Good Standard	This review found that satisfactory progress had been made in implementing previously agreed recommendations and the assurance opinion move from “improvements Required” to “Good Standard”. The actions which remained outstanding related to the HouseLet scheme which was being reviewed as part of the IHWB Transformation programme. Management provided assurance that, once the review has been completed, the recommendations will be addressed where still relevant.	
Fuel Card Follow-Up	ANA - Low	Final	Good Standard	Good progress was made by management in addressing the risks identified in the original audit with the majority of agreed actions have taken place, considerably reducing the level of risk.	

Mount Edgcumbe Joint Committee – Small Bodies Return	Statutory	Complete	High Standard	<p>Mount Edgcumbe Joint Committee's focus for 2014/15 was to drive forward the transformational change of Mount Edgcumbe Park.</p> <p>Cornwall Council and Plymouth City Council made a total annual contribution of £284k for 2014/15, a reduction of £30k from 2013/14. As part of on-going business planning, budget monitoring and transformation projects, risks to objectives are considered and a formal risk register was developed and presented to the Joint Committee in July 2015.</p>	
Schools Financial Value Standards (SFVS)	ANA - Low	Final	Good Standard	SFVS Dedicated Schools Grant Chief Finance Office assurance statement for 2014/15 submitted to the Department for Education.	

The following audits have either been cancelled or deferred until 2016-17:-

- | | |
|--|-----------------------------|
| ➤ Capital Programme Governance | ANA – High (Client Request) |
| ➤ Planning Application Conditions Compliance | ANA – Low (Client Request) |
| ➤ Highways Act – Section 38 and Section 278 | ANA – Low (Client Request) |

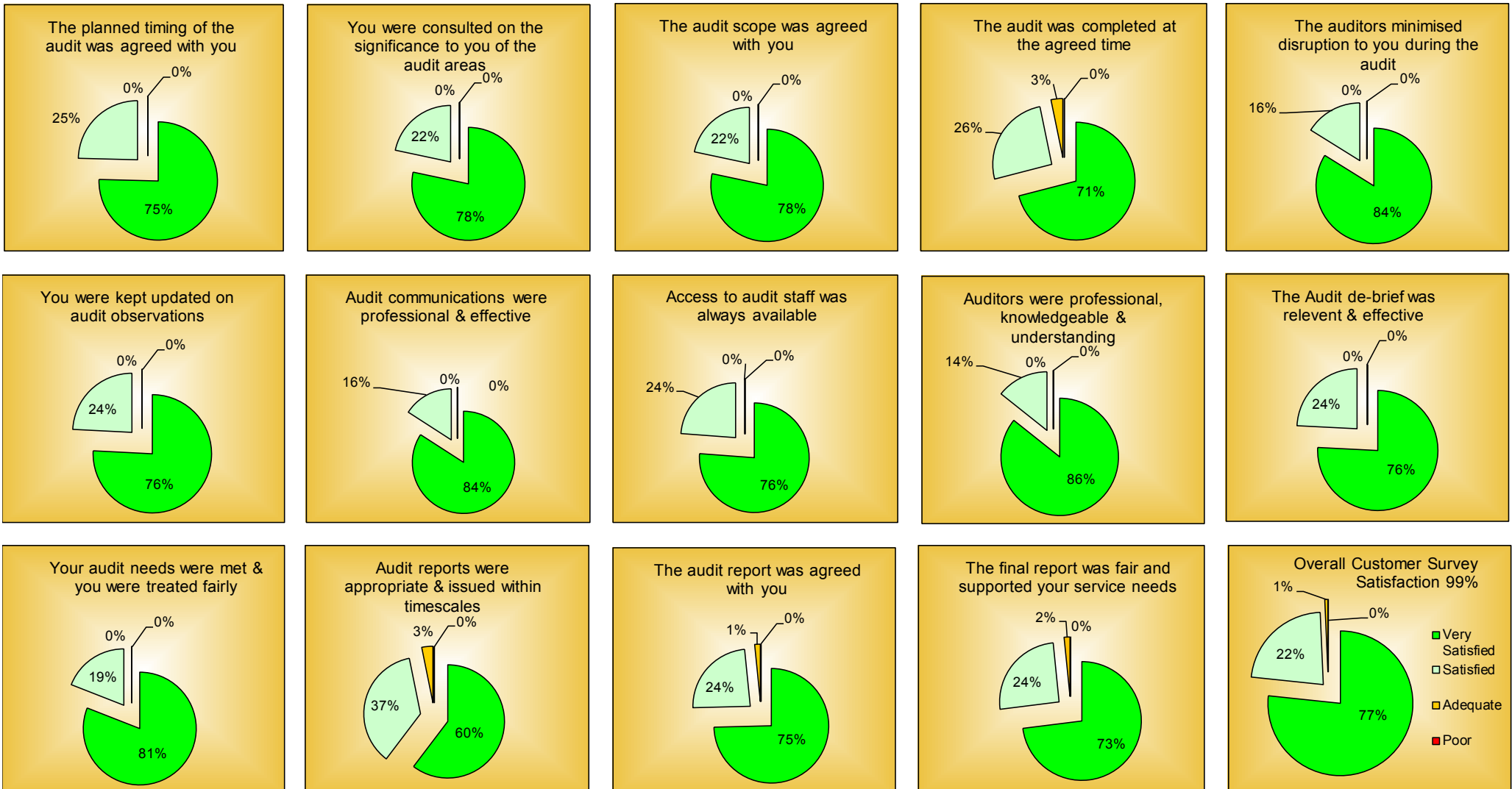
Grants

Rogue Landlord Funding	Regulatory Requirement	Complete	Certified	No issues identified	
Autism Innovation Capital Grant 31/2424	Regulatory Requirement	Complete	Certified	No issues identified	
Community Capacity Grant 31/2393	Regulatory Requirement	Complete	Certified	No issues identified	
Local Sustainable Transport Fund	Regulatory Requirement	Complete	Certified	No issues identified	
Local Transport Capital Block	Regulatory Requirement	Complete	Certified	No issues identified	
Pinch Point Funding	Regulatory Requirement	Complete	Certified	No issues identified	

Appendix 5 - Customer Service Excellence

Customer Survey Results April 2015 - Mar 2016

The charts below show a summary of 63 responses received.



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