

## PLYMOUTH CITY COUNCIL

<b>Subject:</b>	Internal Audit – Half Year Report
<b>Committee:</b>	Audit Committee
<b>Date:</b>	7 December 2017
<b>Cabinet Member:</b>	Councillor Darcy
<b>CMT Member:</b>	Andrew Hardingham (Interim Joint Strategic Director Transformation & Change)
<b>Author:</b>	Robert Hutchins, Head of Devon Audit Partnership
<b>Contact details:</b>	Tel: 01752 306710
<b>Ref:</b>	AUD/RH
<b>Key Decision:</b>	No
<b>Part:</b>	1

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

This report provides Members of the Audit Committee with a position statement on the work undertaken by Devon Audit Partnership in the first half of 2017/18, reviews the performance and effectiveness of the Internal Audit service, and provides an audit opinion on the adequacy of internal control. Our work has provides objective and relevant assurance and contributes to the effectiveness and efficiency of the governance, risk management and internal control processes.

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### **The Corporate Plan 2016 - 19:**

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.
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### **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? Not required.

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**Recommendations and Reasons for recommended action:**

It is recommended that:-

1. The Audit Committee note that based on work performed in the first half of 2017/18, the internal audit opinion is that of "Significant Assurance" on the adequacy and effectiveness of the Authority's internal control framework.
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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 2015.

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**Published work / information:**

Internal Audit Annual Plan 2017/18 – March 2017

**Background papers:**

None

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**Sign off:**

Fin	PL	Leg	Mon Off	HR	Assets	IT	Strat Proc
Originating SMT Member: Andrew Hardingham, Interim Joint Strategic Director Transformation & Change							
Has the Cabinet Member(s) agreed the content of the report? Rec'd copy							

Internal Audit

Half Year Audit Report  
2017-18

Plymouth City Council  
Audit Committee

December 2017

Robert Hutchins  
Head of Audit Partnership



Auditing for achievement

## Introduction

The Audit Committee, under its Terms of Reference contained in Plymouth City Council's Constitution, is required to consider the Chief Internal Auditor's annual report, to review and approve the Internal Audit programme, and to monitor the progress and performance of Internal Audit.

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

The Internal Audit plan for 2017/18 was presented and approved by the Audit Committee in March 2017. The following report and appendices set out the background to audit service provision; a review of work undertaken to date in 2017/18, and provides an opinion on the overall adequacy and effectiveness of the Authority's internal control environment.

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

### Expectations of the Audit Committee from this annual report

Audit Committee members are requested to consider:

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

In review of the above the Audit Committee are required to consider the assurance provided alongside that of the Executive, Corporate Risk Management and external assurance including that of the External Auditor as part of the Governance Framework (see appendix 1) and satisfy themselves from this assurance that the internal control framework continues to be maintained at an adequate level to mitigate risks and inform the Executive for governance requirements.

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

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## Opinion Statement

**Overall, based on work performed to date during 2017/18 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 opinion statement will provide Members with an indication of the direction of travel for their consideration for the Annual Governance Statement see appendix 1.*

The Authority's internal audit plan for the current year includes specific assurance, risk, governance and value added reviews which, together with prior years audit work, provide a framework and background within which we are able to assess the Authority's control environment. These reviews have informed the Head of Internal Audit's Opinion on the internal control framework. Heads of Service have been provided with details of Internal Audit's opinion on each audit review carried out in 2017/18 to date. If significant weaknesses have been identified in specific areas, these will need to be considered by the Authority in preparing its Annual Governance Statement later in the year when preparing the Statement of Accounts for 2017/18.

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 rests with management and these are reviewed during subsequent audits or as part of a specific follow-up.

### 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 creation of the Integrated Assurance Service has resulted in risk management being formally aligned and working alongside other compliance functions and corporate governance processes to promote a joined-up approach to all aspects of governance.

#### Governance Arrangements

Work continues within Social Care / Health integration with Audit being a member of the Finance & Assurance Review Group (FARG), focussed around governance, finance and risk framework. With the changing shape of the organisation and closer partnership working, the effectiveness of governance arrangements is a key feature of our work.

#### Performance Management

The strategy is key to the successful delivery of services and is established for 'business as usual' and transformation programmes. Regular reporting to management, leadership team and the Council should ensure effective performance management. This is of particular importance as the Council continues to develop new ways of working.

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.

## Value Added

We know that it is important that the internal audit service seeks to "add value" whenever it can and we believe internal audit activity has added value to the organisation and its stakeholders by:

- Providing objective and relevant assurance;
- Contributing to the effectiveness and efficiency of the governance, risk management and internal control processes.

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

Detailed below is some of the feedback received from those audited during 2017/18.

## Transformation and Change

Delt Services say "Working with DAP on internal audits commissioned by our customer, has been a constructive and collaborative process. Our auditor took the time to fully understand our business and the assurance needs of our customer and worked with us in partnership to deliver a result that was beneficial to both organisations."

Feedback from the Service Centre was that "the provisions of suggestions that will help shape the service in the future" is particularly helpful and that the audit process added value by "highlighting areas that may need attention".

We are proud that the Council recognised our contribution to the work of the Integrated Health and Finance Team by inviting us to attend this year's "Our Stars Awards" as part of the Finance PCC/CCG Team who won the Achievement in Health and Social Care Integration category at the 2017 CIPFA Public Finance Innovation awards.

## Place

We have been advised that work undertaken with the Events team during 2016/17 has helped raise the profile of the risks associated with the resilience of the service during the build up to major events as the service

strives to address increased demands relating to civil protection and public safety.

Supporting the service in the escalation to Civica of known local issues with the Tranman Fleet Management system has led to the resolution of these longstanding concerns, providing improved financial visibility and control.

Continued support, advice and challenge on the contract management arrangements relating to the South West Devon Waste Partnership, to ensure that the City Council's interests are protected.

Audit's participation in the Highways Maintenance (HM17) project has continued since the contract went "live" in April. This has involved attendance at Project Board and assistance in the development of a Benefits Realisation plan.

## People

We received the following feedback in response to a follow-up review of Domiciliary Care. "Can you thank all the Audit team for their support in helping us turn this around. It is a clear example of Audit's role in service improvement."

Being able to discuss issues with the auditor was particularly helpful as "the whole Child Independent Payment process was new to me and it has allowed me to take the task forward with more confidence. Thank you to the auditors for their outstanding support."

The auditor "was informative and co-operative with office during his visit, an excellent service as always." VAT clarifications especially in respect of Petty Cash were highlighted as being particularly helpful with the process enabling the school to "finely tune processes already in place".

## Public Health

In support of the drive towards greater commerciality, work was carried out to provide an independent opinion on how user-friendly the Council website is in relation to the Public Protection Services (PPS). Additionally, the PPS digital profile was reviewed to ascertain how prominent its services were within online searches.

## **Public Health (cont)**

A review was undertaken to support the service in the design of a system to ensure that there are appropriate and proportionate processes and procedures in place to manage pharmacy accreditations via the PharmOutcomes web based system. The recommendations made will serve to improve business continuity and ongoing resilience in the system of internal control. Changes to payment mechanisms will enable reclamation of approximately £2,000 of VAT each year.

## **Schools**

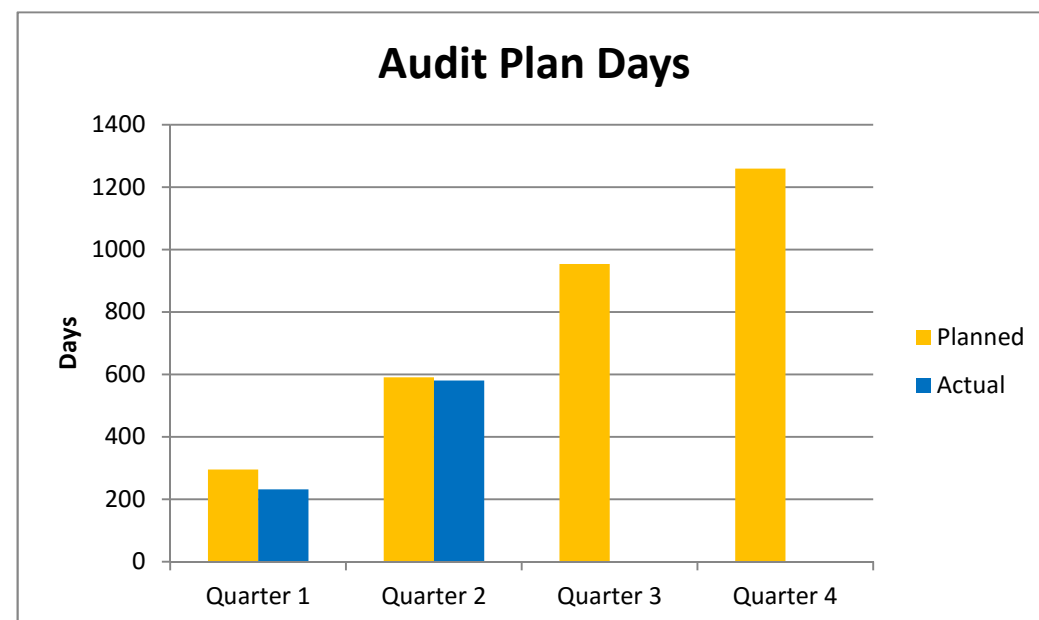
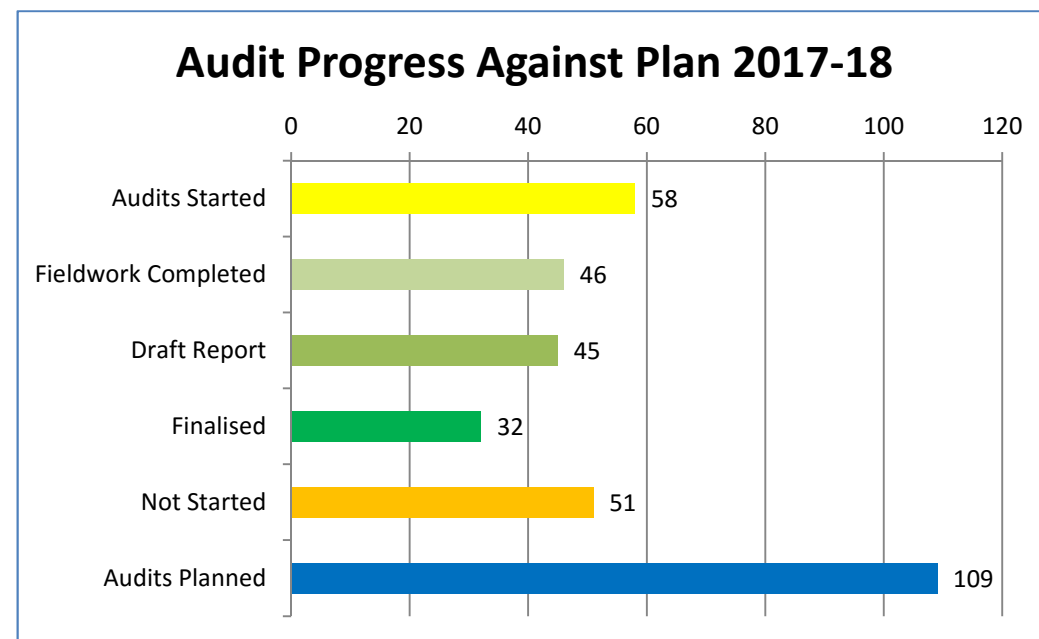
The Partnership has supported the School Health Check process through the provision of internal audit performance data providing a greater focus on schools causing concern in the wider control environment. The result of our input has been the intervention and review of schools by internal audit follow-up audits, governor support and school improvement to raise standards. The culmination of this work has lifted the performance of these schools with the exception of our DBS dip test on the single central record which, for the sample, showed insufficient checks and evidence maintained.

## Progress Against Plan

This report compares the work carried out with the work that was planned through risk assessment, presents a summary of the audit work undertaken, includes an opinion on the adequacy and effectiveness of the Authority's internal control environment and summarises the performance of the Internal Audit function against its performance measures and other criteria. The report outlines the level of assurance that we are able to provide, based on the internal audit work completed during the year to date. It gives:

- a comparison of internal audit activity during the year to date with that planned, placed in the context of internal audit need;
- a summary of fraud and irregularity investigations carried out during the year to date and anti-fraud arrangements; and
- an indicative statement based on the effectiveness of the system of internal control in meeting the Council's objectives.

The extent to which our work has been affected by changes to audit plans has not been notable during the first six months of the year. The level of irregularity work has been low which has not impacted on completion of the plan. The bar charts right show the status of audit progress against plan and audit the days delivered against target planned. The charts demonstrate that progress is largely in line with expectations for the first six months of 2017/18.





## Summary Audit Results

In our opinion, and based upon our audit work completed during 2017/18 and direct advice provided as 'Trusted Advisor' for on-going projects, we are able to report that internal controls continue to operate effectively and where recommendations for improvements have been made, action plans have been agreed with management.

### 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.

As financing of local government reduces year on year the Council continues to explore solutions which will improve service delivery and drive efficiency and innovation. In support of these objectives and in addition to providing assurance on the adequacy of internal controls, the audit team consider in the course of each review if there are opportunities for service delivery and processes to be streamlined and delivered more effectively.

The audit review of Legal Care Proceedings is currently at draft stage and is a joint piece of work in reviewing legal care proceedings practice at Plymouth City Council, Devon County Council and Torbay Council. A final report will be issued following completion of work at all three authorities highlighting examples of good practice.

Work undertaken to review the process for establishment controls and restructures within the iTrent HR/Payroll system found the overall control framework, processes and procedures to be effective. Opportunities to reduce manual processes around updating the system following restructures could be achieved by making better use of bulk uploads and a further look at inheritance functionality.

### Place

A follow-up of the 2016/17 audit of Trade Waste has provided assurance that significant weaknesses previously identified with the service's invoicing arrangements have greatly improved and are now operating effectively. Risks identified in respect of the Council's commercial relationship with a

third party contractor have also been addressed and the relationship has now been terminated.

Longstanding and ongoing issues with the Tranman fleet management system, particularly the interface with Civica Financials and discrepancies with charge-runs were impeding the efficiency and financial control that the system was intended to deliver. DAP have worked alongside officers to document known issues and escalate with Civica. The review also identified areas where the system could be used more fully to provide greater efficiency and robustness to current procedures and processes.

### People

Last year we rated the systems for the financial administration within Child Independent Placements as improvements required. We are pleased to report that following the appointment of a new Admin Support Manager, good progress has been made in implementing the action plan and we have upgraded the assurance opinion to "Good Standard".

The Care Act 2014 requires all Councils in England, from April 2015, to provide a deferred payment scheme for local residents who go to live in a Residential/Nursing home, own a property and have other assets below a certain threshold. Prior to April '15 the Council offered a deferred payment scheme under Section 55 of the Health and Social Care Act 2001. There is a framework for the post April '15 scheme which clearly identifies the roles and responsibilities of the departments involved but incorporating the debt recovery process / lines of responsibility would strengthen it further.

### Public Health

A review is in progress to ensure that the Council has appropriate policies and procedures in place to manage key supply chains in terms of Business Continuity. These should provide assurance that the suppliers have appropriate Business Continuity Plans (BCP's) in place to deal with disruption to their operations which in turn minimises disruption to the Council. Internal Audit aim to provide added value through considering and reporting on the adequacy of existing processes in relation to key supplier business continuity plans and intended potential improvement changes to current processes.

## **Public Health** (continued)

To test the optimisation of the Public Protection Services (PPS) commercial services 'google' searches were made using a range of key words relevant to pest control and food hygiene services. We can confirm that that reference to the Council featured highly in each of the searches undertaken providing a good level of assurance that there is sufficient information to enable potential customers to identify that the Council does provide services in these areas.

Furthermore, the relevant pages within the Council website provide a thorough level of information and guidance in relation to the services on offer including price details. It is recognised that work is ongoing in relation to providing customers with the ability to book and pay for services online which will create additional efficiencies within the service and further enhance the customer experience.

## **Schools**

The key objectives for Devon Audit Partnership (DAP) are to provide assurance to the Director for People and the Assistant Director for Finance, as the Council's S151 Officer, on the adequacy and security of the financial systems and controls operating within the maintained schools and to provide advice and assurance to governors, head teachers and the Local Authority.

The overall assurance from schools audit is of good standard. The risk and control framework is of a good standard and recommendations made serve to strengthen what are reasonably reliable procedures.

## **Key Risks / Issues**

The introduction of the Data Protection Act 2017 (DPA 2017) on May 25th 2018 represents both a significant risk and an opportunity to improve the Council's information governance. This applies to information assets across the whole organisation. The DPA (2017) introduces new requirements for compliance, creating challenges to the way we collect and manage our data. Resources will be required to both comply with these new requirements and address areas of existing weaknesses that may be exposed as an effective corporate Information Asset Register is established.

## Fraud Prevention and Detection

Counter-fraud arrangements are a high priority for the Council and assist in the protection of public funds and accountability. The Cabinet Office runs a national data matching exercise, The National Fraud Initiative (NFI), every two years. For the 2016/17 exercise, DAP co-ordinated the extract of relevant datasets, as defined by the Cabinet Office, from a range of Council systems. Departments supplied their datasets and these were uploaded onto the NFI secure website. The subsequent matching reports were received back from the Cabinet Office in February 2017 and these are currently being reviewed, either by DAP, or provided to relevant departments for their investigation. The review process is timetabled to be complete by the end of the calendar year. The datasets relate to:

- Council Tax,
- Creditor Payments,
- Housing Benefits,
- Insurance Payments,
- Payroll / Pensions.
- Housing Waiting Lists,
- Payment to Residential Care Homes,
- Personal Budgets – Direct Payments,
- Licencing (including taxi licences)
- Market Traders, and
- Transport Passes (including blue badges and concessionary bus passes).

DAP have continued to liaise with the Council's Corporate Fraud Team, to exchange information and knowledge.

**Irregularities** - During the first half of the 2017/18 financial year, Internal Audit has carried out or assisted in 2 investigations. Analysis of the types of investigation and the number undertaken shows the following:-

Issue	Number
Financial irregularities	1
IT Misuse	1

In addition to the specific investigations outlined above, DAP have also provided management with a range of advice and support on courses of action or improvements to controls.

## Audit Standards and Customer Delivery

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

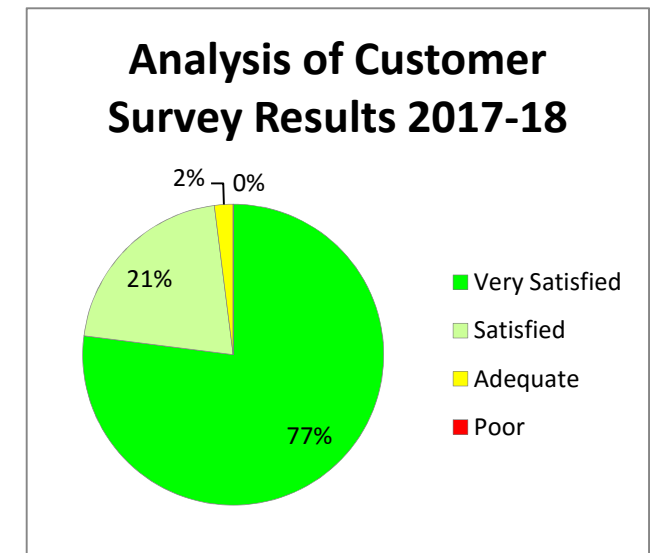
**Conformance** - Devon Audit Partnership conforms to the requirements of the PSIAS for its internal audit activity. The purpose, authority and responsibility of the internal audit activity is defined in our internal audit charter, consistent with the *Definition of Internal Auditing*, the *Code of Ethics* and the *Standards*. Our internal audit charter was approved by senior management and the Audit Committee in March 2017. This is supported through DAP self-assessment of conformance with Public Sector Internal Audit Standards & Local Government Application note.

**Quality Assessment** – through external assessment December 2016 “DAP is considered to be operating in conformance with the standards” External Assessment provides independent assurance against the Institute of Internal Auditors (IIA) Quality Assessment & Public Sector Internal Audit Standards (PSIAS). The Head of Devon Audit Partnership also maintains a quality assessment process which includes review by audit managers of all audit work. The quality assessment process and improvement is supported by a development programme.

**Improvement Programme** – DAP maintains a rolling development plan of improvements to the service and customers. All recommendations of the external assessment of PSIAS and quality assurance were included in this development plan and have been completed. This will be further embedded with revision of our internal quality process through peer review.

### Customer Service Excellence

In June 2017, DAP was successful in re-accreditation by G4S Assessment Services of the CSE. We continue to issue client survey forms with our final reports and the results of the surveys returned are, although low in number, very good and again are very positive. The overall result is very pleasing, with near 98% being "satisfied" or better across our services. It is very pleasing to report that our clients continue to rate the overall usefulness of the audit and the helpfulness of our auditors highly.



## Appendix 1 – Assurance Opinion and extract Executive Summaries – Up to 31 October 2017

### Risk Assessment Key

SRR /ORR – Local Authority Strategic or Operational Risk Register reference

ANA - Audit Needs Assessment risk level



Client Request - no risk assessment information available



### Assurance / Direction of Travel




Green – Good standard / progressing well

Amber – Continuing to progress but some issues to address



Red – Significant delays or issues to address

Risk Area / Audit Entity	Audit Report		
	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
<b>Transformation and Change</b>			
<b>Core Assurance – Key Financial System</b>			
Treasury Management ANA - Medium	Good Standard  Status: Draft	The overall control environment continues to be sufficiently robust in relation to the inherent risks present. Approved procedures are in place, and our review found that these had been adhered to in terms of both investment and borrowing. Performance is monitored and reported to senior management and the Audit Committee on a regular basis.	
Work on the following key financial system audits has recently commenced			
<ul style="list-style-type: none"> <li>➤ Housing Benefits ANA - High</li> <li>➤ Council Tax ANA - Medium</li> <li>➤ Business Rates NNDR ANA – Medium</li> <li>➤ Payroll – ANA – Medium</li> </ul>			
It is anticipated that the reports will be issued & agreed in the third quarter of 2017/18. No issues of major concern have been identified from our fieldwork to date.			
The following reviews will commence in the second half of 17/18			
<ul style="list-style-type: none"> <li>➤ Creditors ANA - High</li> <li>➤ Main Accounting ANA - High</li> <li>➤ Debtors ANA - Medium</li> <li>➤ I.T.Systems ANA – High</li> </ul>			
<b>Core Assurance - Other</b>			
Corp Information Management • ILOG, FoI, DPA, Policies & P's, EDRMS, End User Computing SRR - Amber	Status: On-going	DAP continues to provide “trusted advisor” support to the Information Lead Officers Group (ILOG) and Management Information Security Forum (MISF) and has regular and ongoing contact with both the Council’s Corporate Information Manager and Corporate Records Manager. DAP also participate on the newly formed “Better Information” working group	


Risk Area / Audit Entity	Audit Report		
	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
ANA – High		<p>responsible for the information work strand of the Way We Work project.</p> <p>The Council is facing many challenges in the form of ever increasing cyber security threats, managing its data effectively and compliantly and, the pending Data Protection Act 2017 Management should support the cultural change required to embed effective information asset ownership within the Council, without which the benefits of any technical and procedural improvements that may be delivered by the Records Management and Better Information initiatives, will not be fully realised.</p>	
Information Governance	Status: Final Improvements Required	<p>Excellent work continues to be conducted by ILOG, the Information Governance Manager and the Corporate Records Manager in helping the Council meet these challenges. It is worthy of note that the Information Commissioners Office (ICO) has recently communicated that they “did not have any concerns about the Council as a Data Controller”. This is a reflection of the hard work that has been undertaken to raise the Council’s standing with the ICO. However, the Council must continue to improve in areas of existing weakness, and continually evolve areas of current strength in order to keep pace with the ever changing strategic and technical landscape. Particular, attention is drawn to the following areas:</p> <ul style="list-style-type: none"> <li>• Corporate Records Management;</li> <li>• Active Directory &amp; Logical Access Management;</li> <li>• Information Security (including ‘Cyber’);</li> <li>• Data Protection Act 2017 (Replacing the DPA 1998 and updating to embrace the EU General Data Protection Regulation, referred to as the GDPR).</li> </ul> <p>The introduction of the DPA 2017 next year should be embraced as an opportunity to make significant improvements to the way the Council manages its information assets and not be seen as a necessary evil or, be seen as a compliance ‘tick box’ exercise.</p>	
HR/Payroll System ANA – High	Value Added Status: Complete	<p>Work has been conducted to support the HR/ Payroll Service in their efforts to improve system performance and in confirming key control requirements for the implementation of Schools Self Service functionality. The introduction of increased system memory in an attempt to improve system performance did not produce satisfactory results. Consequently, a meeting was held with senior managers from the software suppliers (Midland HR), with discussions to continue with a view to finally resolving the system performance issue. Risks are understood and are being appropriately managed and the Transformation Architecture Manager is now directly involved in the ongoing discussions with Midland HR. The ‘hosted service’ option is being considered as a possible way to resolve this ongoing issue.</p>	




Risk Area / Audit Entity	Audit Report		
	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
The following reviews will be commenced in the second half of 17/18 ➤ ICT – Cyber Security SRR – Amber, ANA - High ➤ Retained Functions - IT Service Strategy & Design ANA – Medium			
<b>Strategic and Operational</b>			
Housing Benefits Overpayments ORR – Amber ANA – High Client Request	Improvements Required Status: Draft	<p>Housing Benefit debt recovery and write off procedures exist and are adhered to. In the cases subject to audit testing debt had been pursued in accordance with defined procedures and utilised appropriate recovery methods.</p> <p>A diary date system is in use to monitor and review holds on recovery. Whilst this appears to be working well for recent debt but does not appear to have addressed the volume of holds on aged debt and this needs to be addressed.</p> <p>Comprehensive debt management reports are produced on a monthly basis but details were not included within the wider performance reports for senior management.</p> <p>Responsibility for the recovery of overpaid housing benefit has recently moved to the Corporate Service Centre and we are pleased to report that the new Service Manager is already in the process of reviewing inherited procedures and processes and the findings from this review will help to inform that process.</p>	
Organisational Structure ORR – Amber ANA – High Client Request	Good Standard Status: Complete	The move to a hierarchical organisational structure within the iTrent HR/Payroll system has been well managed, with appropriate validation exercises to confirm the accuracy of the new structure. Organisational structure maintenance procedures are robust with changes appropriately authorised and checked for accuracy. Developing the use of Firmstep to manage organisational structure workflow is risk managed and opportunities to further utilise Firmstep are being explore. Controls and processes around service area restructures are effective with the restructure processes in respect of making changes to the iTrent system well documented.	
Libraries Transformation ANA – High Client Request	Value Added Status: Final	Reported to Audit Committee September 2017	






Risk Area / Audit Entity	Audit Report		
	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Academy System (Revenues & Benefits) ANA – Medium Client Request	Status: On-going	Trusted advisor support will be provided as the service looks to deploy system changes / more automated functionality in delivery of the services within Revenues and Benefits.	N/A
Purchasing Cards ANA – Medium Client Request	Status: In Progress	Areas being considered as part of this review include: <ul style="list-style-type: none"> <li>• Compliance with Contract Standing Orders, policies and procedures; and</li> <li>• Review of card use and supporting evidence including consideration of the appropriateness of purchases, approval process and monitoring.</li> </ul>	N/A
Finance Fit ORR – Amber ANA – Medium Client Request	Status: On-going	DAP continues to provide “trusted advisor” support, working co-operatively with officers involved in the Finance Fit work stream as they continue to develop finance and procurement systems to streamline processes and deliver efficiencies. Most recently this has included participation in the Contract Standing Orders working group.	N/A
Schools Financial Value Standards (SFVS) Statutory ANA – Low	Good Standard Status: Final	Reported to Audit Committee September 2017	
The following reviews will be commenced in the second half of 17/18			
<ul style="list-style-type: none"> <li>➤ Contract Management ORR – Amber, ANA – High</li> <li>➤ Risk Management ANA – High</li> <li>➤ Customer Feedback ANA – Medium, Client Request</li> <li>➤ Plymouth Community Homes Contract ANA - Medium</li> </ul>			
<b>Transformation &amp; Change and People – Cross Cutting Assurance</b>			
Legal Care Proceedings (Children’s) SRR – Amber ANA – High Client Request	Improvements Required Status: Draft	<p>Casework is managed or overseen by professionally qualified and experienced staff. On the legal side, by qualified lawyers supported by paralegals and for social care, by qualified social workers. Whilst the experience level of social workers varies widely, all are subject to regular supervision meetings with line managers where cases are discussed and reviewed.</p> <p>Supplementary training opportunities were identified as offering the potential to improve services further. Both in Plymouth City Council and Devon County Council, additional training in 'Parent Assessment Manual Software' (PAMS) was seen as highly desirable and is known to be valued by the judiciary who see it as providing assurance that assessments</p>	









Risk Area / Audit Entity	Audit Report		
	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
		<p>for disabled parents have been properly conducted.</p> <p>Whilst court 'bundles' were generally presented well and in the format required by the judiciary, questions exist around the quality and timeliness of documentation prepared during and prior to proceedings. Untimely, missing or low quality assessments, statements and other supporting paperwork increase the risk of the courts requesting further assessments or reports resulting in additional costs and delays in proceedings being concluded.</p>	
Lessons Learned From Schools in Deficit ANA – Medium Client Request	Value Added Status: Draft	Our work involved reviewing the processes employed by Plymouth City Council for the approval of licensed deficits in respect of maintained schools. Consideration has also been given to the communication channels between a school, the Council and Plymouth Learning Partnership in the management of the annual budget process and the subsequent monitoring of progress in delivery of any recovery plan.	N/A
Finance & Assurance Review Group (FARG) SRR - Red ANA – High Client Request	Status: On-going	DAP continues to monitor and support the actions of the Integrated Fund (IF). Assurance has been sought, and support provided through attendance and input at the Finance and Assurance Review Group which is tasked with coordinating assurance, financial reporting and risk management for the Integrated Commissioning Board.	N/A
<b>People</b>			
<b>Core Assurance – Key Financial System</b>			
CareFirst - Income Collection (Adults – Deferred Payments) Risk / ANA: ANA – High	Improvements Required Status: Final	<p>Whilst the Deferred Payments Policy clearly sets out the framework for the Council's Deferred Payments Scheme from April 2015, it does not make reference to debt recovery. Unless clear processes and lines of responsibility are defined, there is a risk that debt may not be effectively recovered which is a concern, should the uptake of deferred payments increase in proportion with local demographics.</p> <p>Deferred payment prior to 2015 are recorded on a spreadsheet but as there was no requirement to maintain a record of deferred payments under the pre Care Act scheme it cannot be guaranteed that this is a complete record. With a significant number of manual, resource intensive processes the current system is inefficient. Plans to implement specialist software have, to date, been frustrated due to the complexity of the scheme and the module's inability to accommodate the pre Care Act cases.</p>	

Risk Area / Audit Entity	Audit Report		
	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
		Debt collection in relation to Adult Social Care, with its high number of vulnerable clients is particularly difficult and sensitive but we can advise that early intervention work is now being undertaken to help prevent debt accruing. It has been agreed that Livewell will nominate a Team Manager to coordinate a care and support review for anyone accruing significant debt relating to the non-payment of client contributions. There are also discussions under way to consider the merits of setting up a debtor case review panel.	
CareFirst - Care Leavers (Payments) ANA – Medium	Good Standard Status: Draft	<p>The 'Leaving Care' pages on the Council's website, explains the rationale for the pathway plan, living arrangements and money but the main leaving care document is dated 2013 and could benefit from being reviewed and refreshed. Under the 'Your Money' section there are links to other websites that provide further information on this subject.</p> <p>Sample testing of leaving care payments, allowances and grants found them to be well managed. With regard to cash payments, every effort is made to make payments direct to bank accounts but the individual needs of a young person are taken into account. The team responsible have established two weekly reimbursement claims, one for the regular weekly payments and the second for the 'one off payments'.</p>	
Follow-Up of 2016/17 Children Independent Placements (Payments)	Good Standard Status: Final	Reported to Audit Committee September 2017	
The following review will be commenced in the second half of 17/18:			
➤ CareFirst - Fostering (Payments) ANA – Medium			
<b>Core Assurance - Other</b>			
Adult & Community Learning Contract Client Request	Value Added Status: Final	<p>The former Plymouth Adults &amp; Community Learning Service (PACLS) is a "spun out" company funded by a contract held by the City Council to deliver learning opportunities to adults. The focus of the audit was delivery against the contract and included review of the evidence to support learner engagement. Although two sub-contractors were underperforming, we can provide assurance that the officers responsible for monitoring of the contract had identified the situation and appropriate action was taken.</p> <p>A set monthly amount has been retained by the Council to cover any underspend by the main contractor with 25% of sub-contractors contract values also being retained. In our opinion this is a prudent approach and should be more than sufficient to cover any</p>	

Risk Area / Audit Entity	Audit Report		
	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
		“clawback” for the Skills Funding Agency resulting from any underperformance.	
Pre-Paid Cards - Direct Payments Delivery Method SRR – Amber ANA – High Client Request	Status: In Progress	The objective of this review is to evaluate and report on the adequacy of the controls operating for Adult Social Care Direct Payments, including the: <ul style="list-style-type: none"> <li>• Processing, issuing and monitoring of direct payments/prepaid cards;</li> <li>• Reclamation of excessive balances;</li> <li>• Processes and guidance for dealing with suspected misuse and fraud.</li> </ul> Work has commenced on this area with initial meetings with key staff having taken place.	N/A
Deprivation of Liberty Safeguards (DOLS) Follow-Up ANA - Medium	Improvements Required Status: Final	Reported to Audit Committee September 2017	
The following review will be commenced in the second half of 17/18: <ul style="list-style-type: none"> <li>➤ Social Care Business Solutions ANA – High, Client Request</li> <li>➤ Community Connections ORR – Amber, ANA – Amber</li> </ul>			
<b>One System One Aim</b>			
Plymouth & Western System Development Board SRR - Red ANA - High	Status: On-going	The Council and New Devon CCG have pooled and aligned budgets for health integration of circa £460m and the knowledge which DAP gains through attending these meetings is used to inform strategic audit work within People.	N/A
Multi-Agency Hub SRR - Amber ANA – High Client Request	Status: In Progress	The Multi Agency Hub went live in June 2016 with the aim of providing effective, dynamic, timely, joint decision making based on effective information sharing to ensure better outcomes for Children, Young People and families. This objective of this review is to evaluate the Multi Agency Hub and provide Plymouth City Council with an independent audit opinion on the effectiveness of the process, highlighting opportunities for further development as appropriate.	N/A
Early Help Gateway (CSC) SRR - Amber	Status: In Progress	The Early Help Gateway went live in Dec 2015 with the aim of providing intervention, care and support at the earliest point to help the child and prevent the escalation or need. Initial	N/A

Risk Area / Audit Entity	Audit Report		
	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
ANA – High Client Request		findings to date indicate that the objectives of the Early Help Gateway have been realised, there is ongoing development of processes and procedures to improve recognised operational weaknesses.	
The following reviews will be commenced in the second half of 17/18:			
<ul style="list-style-type: none"> <li>➤ One System One Aim, The Seven Priorities</li> <li>➤ Livewell South West ANA – High, Client Request</li> </ul>			
<b>Public Health</b>			
Business Continuity Planning SRR - Amber ANA – High Client Request	Status: In Progress	<p>The focus of our work is on the adequacy of existing processes to ensure that key suppliers have appropriate Business Continuity Plans (BCPs) in place to deal with disruption to their operations; which in turn minimises any potential disruption to the Council.</p> <p>In order to identify a sample of the Council's key suppliers, we reviewed the Corporate Contract Register but found that it has not been maintained and is therefore incomplete. In particular, it does not identify all of the Council's key suppliers or those responsible for monitoring a suppliers' business continuity arrangement. For People contracts, there is a Commissioning Contract Register which was found to be better maintained and contained more detailed information.</p>	N/A
Public Protection Service SRR – Amber ANA – Medium Client Request	Good Standard Status: Final	Management have recognised and embraced the key role that digital technology can play in the delivery of customer focused services which are more accessible for all citizens. Implementation of online customer self-service is progressing well within PPS and should improve efficiency, reduce costs and provide opportunities to grow income streams, thereby reducing the funding gap. Any recommendations made serve to enhance current and future digital offerings.	
Management of Commissioned Pharmaceutical Services Client Request	Value Added Status: Final	PharmOutcomes is a web-based system that facilitates the provision, invoicing and management of locally commissioned pharmacy services. Currently there is only one Officer, based within Public Health, who is able to make changes on the system to the service provider information and service accreditations for the Plymouth area. The recommendations should serve to improve business continuity and ongoing resilience in the system of internal control. Changes to payment mechanisms will enable reclamation of approximately £2,000 of VAT each year.	

Risk Area / Audit Entity	Audit Report		
	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
<b>Place</b>			
Review of Major Contracts SRR - Amber ANA - High	Status: On-going	Supporting officers in the early management of the new Highways Term Maintenance contract with a review of the works ordering processes around the new highways management system planned for later in the year.	
Trade Waste Follow-Up ANA – Medium Client Request	Improvements Required Status: Draft	<p>We are pleased to report that the current invoicing arrangements in operation have greatly improved. A fresh sample of new accounts were tested as part of our work and in all cases it was found that invoices were raised in a timely manner. In respect of the third party contractor (Alpha Logic), all outstanding invoices were found to have been raised and settled and the commercial relationship terminated.</p> <p>The service still lacks documented procedures and the systems in operation to manage workloads and record information are inefficient with information needing to be duplicated across a series of databases and spreadsheets.</p> <p>However the planned implementation of a new structure should enable these matters to be addressed and ensure that performance measures are set and reported upon, and data is captured and analysed, in order to drive performance and service improvement.</p>	
Waste PFI ORR – Amber ANA – Medium Client Request	Status: On-going	Audit continues its participation with the South West Devon Waste Partnership, attending meetings of the Project Executive, providing support and advice on contract management issues.	
TranMan Fleet Management System ANA – Medium Client Request	Improvements Required Status: Final	<p>Longstanding issues with the Tranman system, particularly in respect of the interface with Civica Financials and discrepancies with charge-runs, have been escalated with Civica and both Fleet &amp; Garage and Finance have reported that these issues have now been resolved.</p> <p>A stock take of the garage stores has been completed but consideration is now required as to how to appropriately dispose of the surplus stock identified.</p> <p>Historically, compliance checking of driver licences has not used the capabilities within the Tranman system, but Management have confirmed that this task will migrate to a Tranman based process.</p> <p>There is a lack of clarity with the process staff should follow to hire vehicles for work</p>	

Risk Area / Audit Entity	Audit Report		
	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
		purposes with processes within Civica Purchasing, Fleet & Garage and Purchasing Cards. DAP will highlight this matter with Procurement to enable them to consider whether or not there is any need for change.	
The following reviews will be commenced in the second half of 17/18: <ul style="list-style-type: none"> <li>➤ Commercial Properties SRR95 – Red, ANA – High</li> <li>➤ Street Services ANA – High, Client Request</li> </ul>			
<b>Grants</b>			
Early intervention – Families with a Future Regulatory Requirement ORR - Amber	Certified Status: Ongoing	DAP have verified and certified seven claims in the year to date. We continue to work with the Families with a Future Team to ensure the accuracy and completeness of key data and that demonstrable evidence of intervention is maintained.	
Grants x 10 Regulatory Requirement	Certified Status: Complete	Grants certified without amendment <ul style="list-style-type: none"> <li>• GD18 Northern Corridor Junction Improvements</li> <li>• GD19 Eastern Corridor Cycle Route</li> <li>• Local Transport Capital Block Funding (Integrated Transport &amp; Highways Maintenance)</li> <li>• Pothole Action Fund</li> <li>• Highways Maintenance Challenge Fund</li> <li>• Local Growth Fund - Derriford Transport Scheme</li> <li>• Local Growth Fund - Eastern Corridor Cycle Route</li> <li>• Local Growth Fund - Northern Corridor Junction Improvement</li> <li>• Regional Growth Fund 2015/16</li> <li>• Regional Growth Fund 2016/17</li> </ul>	
Certification work in respect of the following grant will be undertaken in the second half of 17/18. <ul style="list-style-type: none"> <li>➤ DCLG Plymouth City Deal (South Yard) - Regulatory Requirement</li> </ul>			

## Appendix 2 – Performance Indicators

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

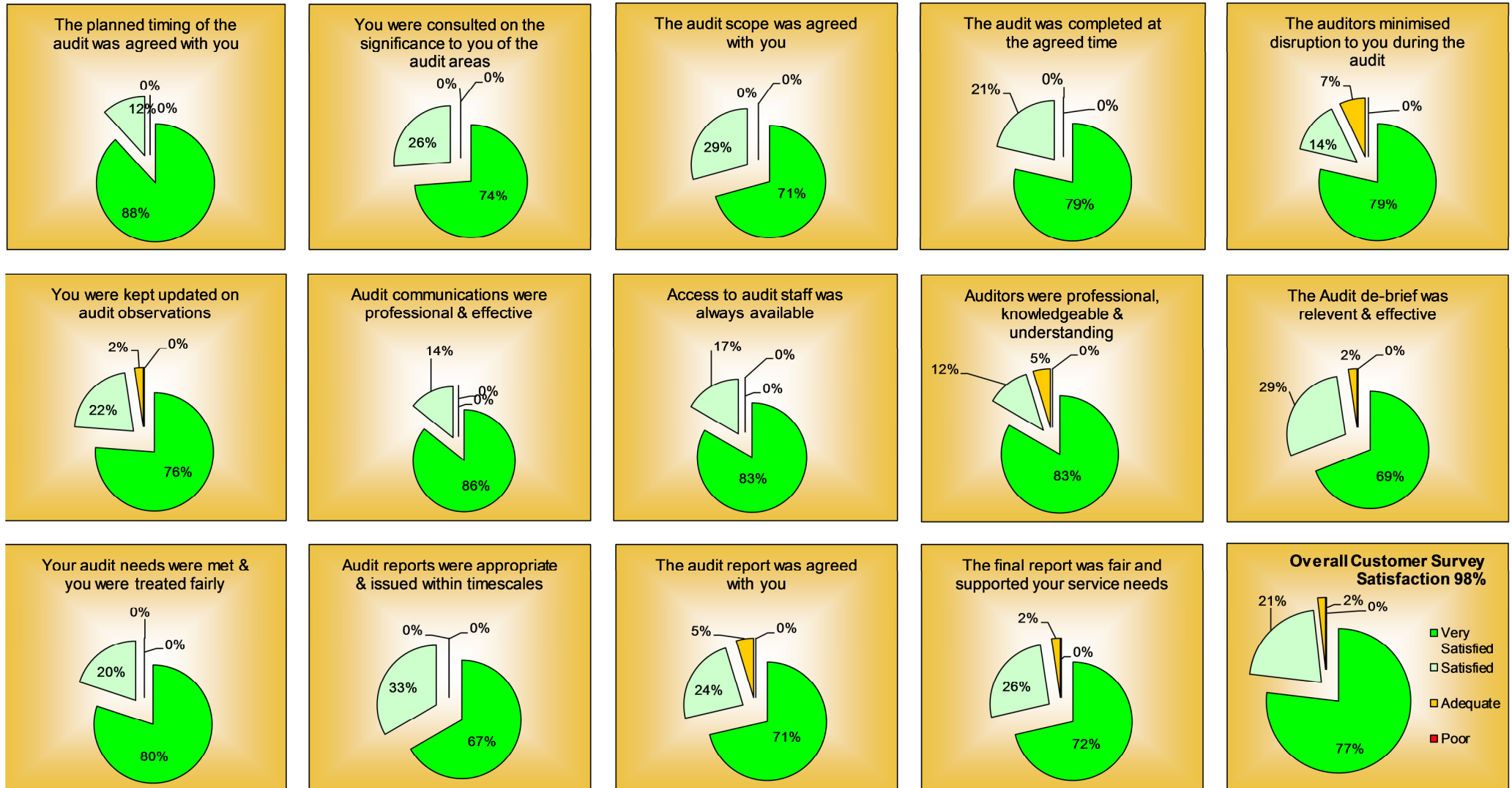
<b>Local Performance Indicator (LPI)</b>	<b>2015/16</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2017/18</b>
	<b>Target</b>	<b>Actual</b>	<b>Target</b>	<b>Actual</b>	<b>Full Year Target</b>	<b>Six Month Actual</b>
Percentage of Audit plan Commenced (Inc. Schools)	100%	100%	100%	99%	100%	53.2%
Percentage of Audit plan Completed (Inc. Schools)	93%	97%	93%	95%	93%	42.2%
Actual Audit Days as percentage of planned (Inc. Schools)	95%	101%	95%	82%	95%	47%
Percentage of fundamental / material systems reviewed annually	100%	100%	100%	100%	100%	On Target
Percentage of chargeable time	65%	69%	65%	71.4%	65%	66%
Customer Satisfaction - % satisfied or very satisfied as per feedback forms	90%	99%	90%	98%	90%	98%
Draft Reports produced within target number of days (currently 15 days)	90%	87%	90%	95%	90%	97.6%
Final reports produced within target number of days (currently 10 days)	90%	94%	90%	98%	90%	100.0%
Average level of sickness absence (DAP as a whole)	2%	2%	2%	3.2%	2%	3.2% *
Percentage of staff turnover (DAP as a whole)	5%	5%	5%	21%	5%	7% **
Out-turn within budget	Yes	Yes	Yes	Yes	Yes	Yes

\* Sickness relates to DAP overall and is higher than our target. We have had one member of staff signed-off for more than 6 weeks following eye surgery and another following the bereavement of a close family member and was signed-off sick for 3 weeks with stress.

\*\* Staff turnover relates to 2 starters and 2 leavers.

# Appendix 3 - Customer Service Excellence

## Customer Survey Results April – September 2017





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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) .