

Internal Audit

Half Year Report 2014/15

Torbay Council  
Audit Committee

December 2014

Not Protectively Marked



Auditing for achievement

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<b>Devon Audit Partnership</b>	<b>Confidentiality and Disclosure Clause</b>
<p>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.</p> <p>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 <a href="mailto:robert.hutchins@devonaudit.gov.uk">robert.hutchins@devonaudit.gov.uk</a>.</p>	<p>This report is protectively marked in accordance with the National Protective Marking Scheme. It is accepted that issues raised may well need to be discussed with other officers within the Council, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation's disclosure policies.</p> <p>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.</p>

## **Introduction**

The Audit Committee, under its Terms of Reference contained in Torbay Council's Constitution, is required to consider the Chief Internal Auditor's audit reports, to monitor and review the internal audit programme and findings, and to monitor the progress and performance of Internal Audit.

The Accounts and Audit (Amendment) (England) Regulations 2006 introduced the requirement that all Authorities need to carry out an annual review of the effectiveness of their internal audit system, and need to incorporate the results of that review into their Annual Governance Statement (AGS), published with the annual Statement of Accounts.

The Internal Audit plan for 2014/15 was presented to and approved by the Audit Committee in March 2014. The following report and appendices set out the current position of the audit service provision; reviews work undertaken to date in 2014/15 and provides an opinion on the overall adequacy and effectiveness of the Authority's internal control environment.

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

### **Expectations of the Audit Committee from this half year report**

Audit Committee members are requested to consider:

- the assurance statement within this report;
- the completion of audit work against the plan;
- the scope and ability of audit to complete the audit work;
- progress impact against strategic aims
- 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 and satisfy themselves from this assurance that the internal control framework continues to be maintained.

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

## Assurance Statement

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

*This assurance statement will provide Members with an indication of the direction of travel for their consideration for the Annual Governance Statement.*

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

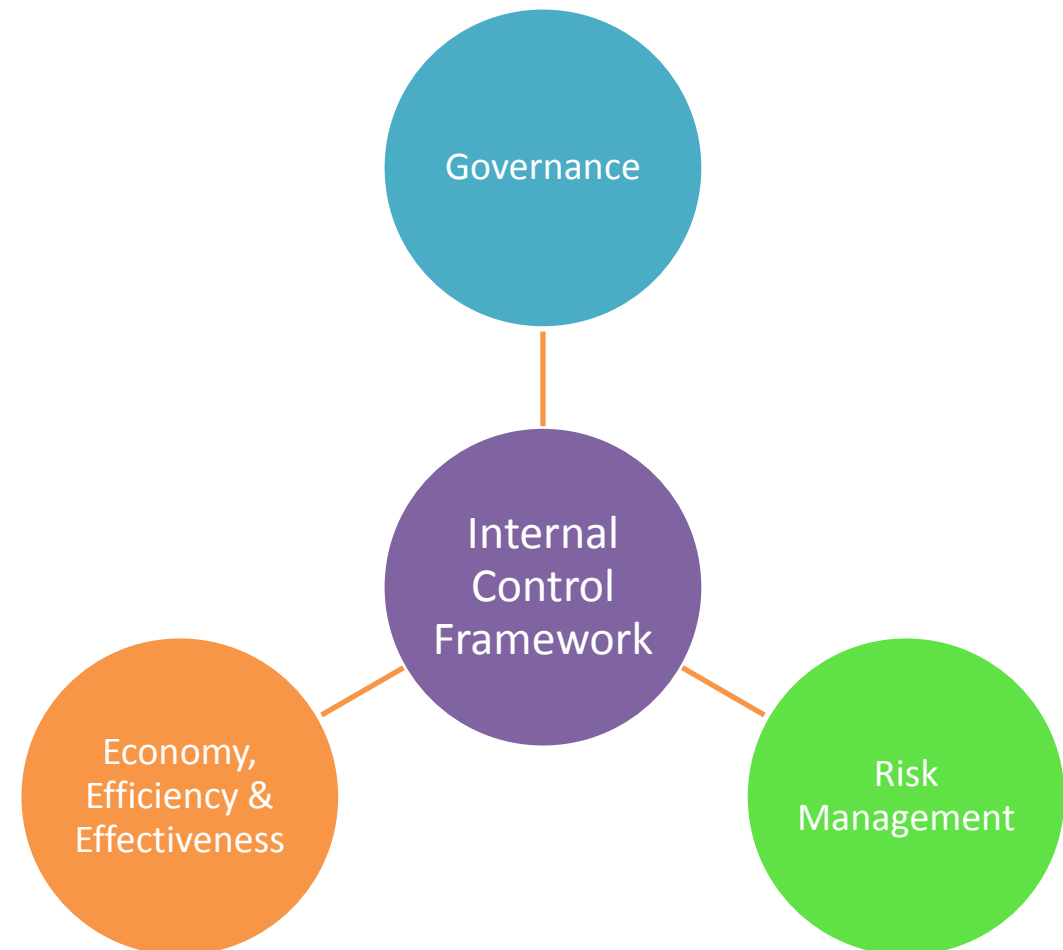
All final audit reports include an action plan which identifies responsible officers, and target dates, to address control issues identified during a review. Implementation of action plans are reviewed during subsequent audits or as part of a specific follow-up process.

Directors have been provided with details of Internal Audit's opinion on each audit review carried out in 2014/15. 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 2014/15.

Our work has not been affected by notable planned changes during the first six months, but higher than usual levels of sickness have impacted.

The level of irregularity work has been high and this has also had an impact on the overall completion of the plan. Although this has had an impact on the planned assurance work, we feel, based on previous year's work, that the framework of control remains in operation.

This statement of opinion is underpinned by our consideration of :



## Progress Against Plan

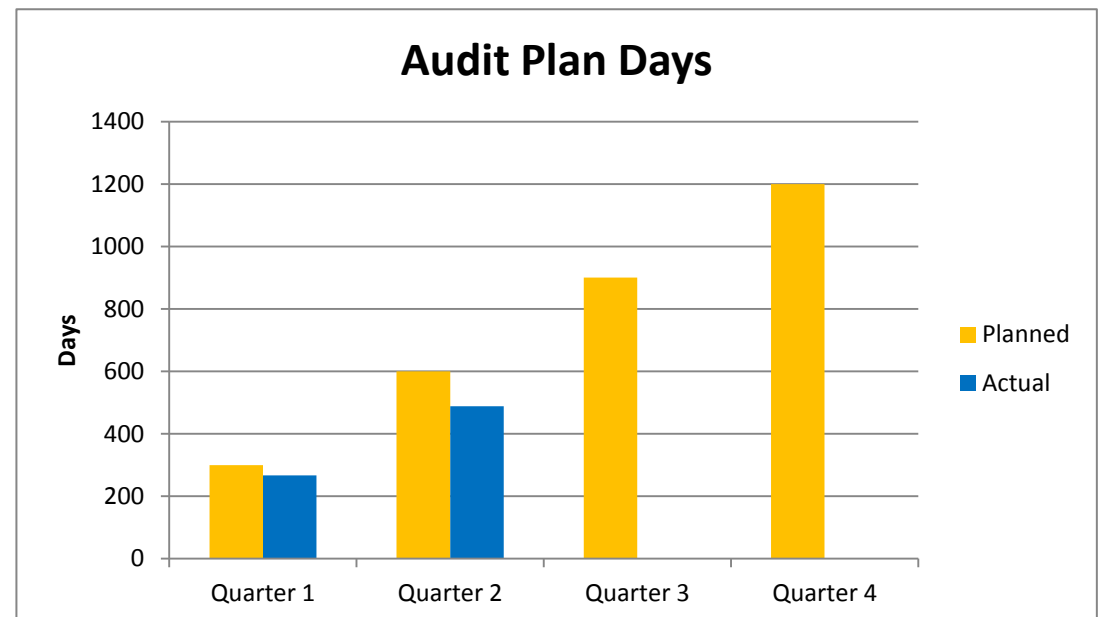
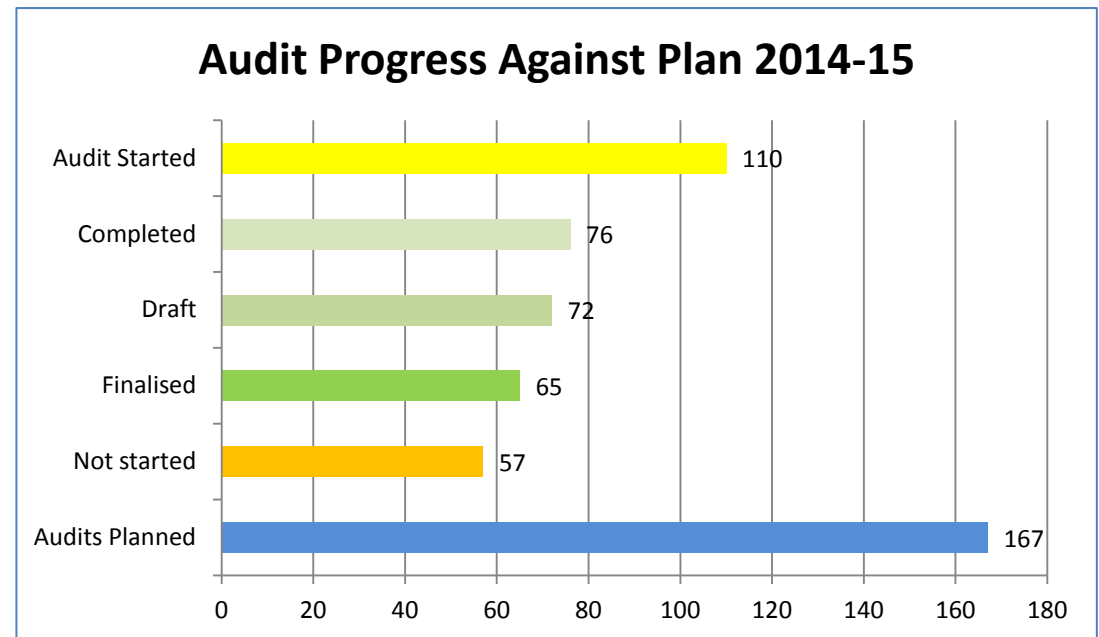
This report compares the work carried out with the work that was planned through risk assessment, presents a summary of the audit work undertaken, includes an opinion on the adequacy and effectiveness of the Authority's internal control environment and summarises the performance of the Internal Audit 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. 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 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 greater than planned and the need for this investigation work has had an impact on the overall 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 first chart demonstrates that progress is largely in line with expectations, however the second chart shows that the number of audit days delivered is below that planned.

Appendix 2 provides further performance information for the first six months of the year.



## Progress Impact Assessment

Our audits completed to date this year, in the majority of areas, provide assurance that identified risks are being minimised or mitigated where appropriate. Progress impact assessments are detailed below by directorate highlighting developmental areas. The overall audit assurance will have to be considered in light of these positions.

With the exception of Adults where the plan is fully complete for 2014/15, although overall progress against plan is largely in line with the revised schedule, the impact of irregularity work has deferred the timing of delivery and particularly completion of work within the other directorates, and hence the majority of our work will be completed in the second half of the year.

### Operations and Finance

Assurance progress on the following reviews/ risks remains incomplete or outstanding. The effectiveness of these areas may impact on the success of the organisation's wider strategic risks. For example, continued delivery of services against a backdrop of budgetary and resource constraints require sound material systems controls, a resilient and effective ICT use and robust procurement and supplier monitoring frameworks.

- Material Systems work for the year is predominantly scheduled for the second half of the year, however finalisation of 2013/14 audits carries over into the current year providing a degree of rolling assurance;
- ICT audits, particularly in relation to Change Management, Information Security and Service Strategy, although previous audit work in these areas and ongoing related client liaison has ensured management awareness of audit concerns regarding existing arrangements;
- Procurement Compliance with Statutory and Council Regulations along with TOR2 Contract Monitoring work being undertaken for the Place directorate will provide the client with some assurance in this area.

Support to the Payroll Self Service Project continues in an advisory and quality assurance capacity with the intention of assisting in the establishment of an efficient and controlled operating framework.

Support to the previous Payroll and Asset Register implementation projects during 2013/14 provided opportunity to examine practices in relation to project management and computer system implementations; the outcomes and 'lessons learnt' will be reported in due course to inform future projects.

The level of grant certification work required has increased and Internal Audit have met the condition deadlines; should this trend continue there will be a need to increase the time allowed for this work in future year plans.

### Place

The limited progress made in the Place plan means a number of risks previously identified in the audit planning cycle and highlighted to management remain.

Assurance progress on the following reviews/ risks remains incomplete or outstanding. The effectiveness of these areas may impact on the success of the organisation's wider strategic risks. For example, continued delivery of service against a backdrop of budgetary and resource constraints require sound contract and partnership management arrangements.

- Place work for the year is scheduled for the second half of the year, however finalisation of the 2013/14 audits into the current year provides a degree of rolling assurance;
- Similarly the follow up of the 2013/14 Place audits this summer provided assurance regarding the direction of travel in mitigation of risks and progress in areas previously reviewed;
- Continued support and related advice to the evolving Future State Project and operational arrangements with TOR2 provides some assurance regarding this Project and associated impacts on risks;
- The cyclical basis of the Tor Bay Harbour Authority Audit Plan and reporting of outcomes to the Harbour Committee provides assurance that risks are subject to regular review and that progress in improving the control framework is being formally monitored.

## Public Health

We have made progress in delivering the Public Health area of the plan, however a number of the risks identified in the audit planning cycle are yet to be subject to audit review.

Assurance progress on the following reviews / risks remains incomplete or outstanding. The effectiveness of these areas may impact on the success of the organisation's wider strategic risks. For example, continued delivery of service against a backdrop of budgetary and resource constraints require sound contract and partnership management arrangements and effective transitions of services between service providers.

- Public Health work for the year is scheduled for the second half of the year, however finalisation of the 2013/14 audit into the current year provides a degree of rolling assurance;
- Similarly the follow up of the 2013/14 Community Safety audits this summer provided assurance regarding the direction of travel in mitigation of risks and progress in these previously reviewed areas;
- Previous audit work on Emergency Planning & Disaster Recovery can be linked to the current integration of ICT Continuity & Disaster Recovery into the Risk Management methodology.

## Adults

The majority of functions and services within Adults are provided and audited, by the NHS Trust Provider. As a consequence we cannot quantify the impact of audit progress on risks within the whole service area, but do work with Health Audit colleagues to ensure audit coverage is appropriate.

Our planned work for Adults is fully complete; it entailed an audit of the Supporting People function. As detailed in the Appendix 1 to this report, we were able to provide a 'Good Standard' audit opinion in relation to the operation of this function.

The Adults and Children's Joint Commissioning Team encompasses Commissioning, Performance Management, Community Engagement and Prevention, with services provided by the NHS Trust Provider.

We cannot provide assurance in these areas at this time; however the effectiveness of these areas may impact on the success of the organisation's wider strategic risks. For example, continued delivery of

service against a backdrop of budgetary and resource constraints require sound partnership and contract management and performance monitoring arrangements.

- Specifically in Supporting People, it was identified that procurement and contractor performance monitoring required improvement.

Whilst future audit plans may encompass examination of these areas, audit work within this directorate to date has been limited and as such we are unable to provide an overall audit assurance opinion.

## Children's Services

We have made progress in delivering the Children's Services area of the plan, however a number of the risks identified in the audit planning cycle are yet to be subject to audit review.

Assurance progress on the following reviews / risks remains incomplete or outstanding. The effectiveness of these areas may impact on the success of the organisation's wider strategic risks. For example, continued delivery of service against a backdrop of budgetary and resource constraints require sound contract management and performance monitoring arrangements and effective delivery of grant funded schemes.

- Children's Services work for the year is scheduled for the second half of the year, however finalisation of the 2013/14 audit in the current year provides a degree of rolling assurance;
- Similarly the follow up of the 2013 /14 audits on the Fostering service and Parkfield (My Place) this summer provided assurance regarding the direction of travel in mitigation of risks and progress in these previously reviewed areas;
- Our ongoing work in certification of Children's Services grants, particularly in relation to the Troubled Families Programme, provides assurance in terms of conditions associated with funding being met.

The completion of our audit work this year has been adversely affected as a consequence of investigations and reduces the assurance that we are able to offer in relation to this area. As a result of the level of investigations in Children's Services, the majority of our work within this directorate will be completed in the second half of the year.



## 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.

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:

### Operations and Finance

- ongoing involvement in Payroll system implementation projects ensuring that control issues are highlighted and resolved before implementation;
- facilitation of ICT Continuity & Disaster Recovery integration into the Risk Management methodology;
- ongoing involvement as an advisory member of the Information Security Group;
- quality assurance role in the Asset Register implementation project.

### Place

- ongoing involvement in the Future State Project and changes to TOR2 contract monitoring arrangements ensuring that control issues are highlighted and resolved before implementation;
- previous consultancy work in relation to commercial development of TCCT, coordination with the TDA and synergies with other agencies;
- the development and annual review of the Tor Bay Harbour Authority Five Year Rolling Audit Plan and related assistance to the Executive Head in supporting the Harbour Committee.

### Adults

- decommissioning of Supporting People Services
- the transition to the periodical payment method for payments to Supporting People clients

## Public Health

- benchmarking fee comparison for Bereavement Services
- risk / benefit analysis of the transfer of responsibilities of high risk Domestic Abuse from Safer Communities, and analysis of the resource / cost drivers affecting Domestic Homicide Reviews
- facilitation of ICT Continuity & Disaster Recovery integration into the Risk Management methodology, and the associated links to the overall Emergency Planning & Disaster Recovery arrangements.

## Children's Services

- notification to the client of the requirement for certification of the Adoption Reform grant as a result of partnership working;
- exploration of changes in relation to the Troubled Families programme which will be used to assist our clients in the transition to the new arrangements;
- assistance in maintaining the impetus in management action plans to address previously identified risks through an annual and robust follow up exercise;
- development of an audit plan that incorporates flexibility to meet the changing and developing business demands of the Children's Services directorate.

## Schools

The Partnership has supported the development of School information "Dashboards" for clients to provide the internal audit view of the financial management of individual schools. The provision of internal audit's performance data provides a greater focus on schools causing concern for targeted intervention by appropriate services.

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

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



## Audit findings and performance against plan

### Operations and Finance

In our opinion, and based upon our audit work completed during 2014/15, 'watching briefs' and direct advice provided 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.

Based on audits completed and on indications from previous and on-going work, we are able to report that material systems controls have either been maintained, or improvements are being made to address previously identified weaknesses. Whilst a number of weaknesses exist, management are aware of these issues, and have either accepted the related risk, or are taking action to address them.

Our ICT Audit work has been received positively with the majority of areas reviewed providing good levels of assurance; the exception being in relation to ICT Continuity & Disaster Recovery where the need to integrate this with the Risk Management methodology has delayed the implementation of the required improvements. Internal Audit resources will support Information Services (ICT) and Commercial & Business Services in progressing and implementing an integrated approach.

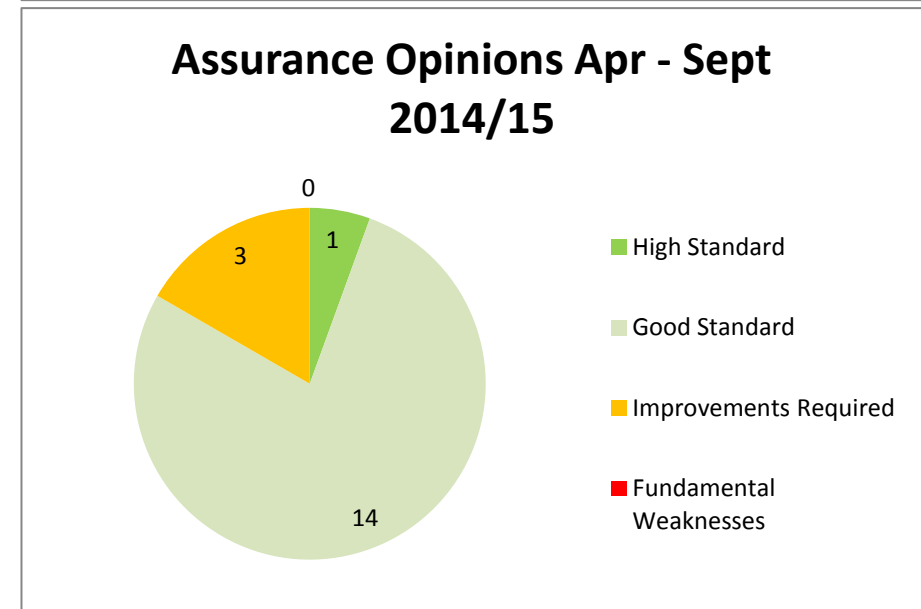
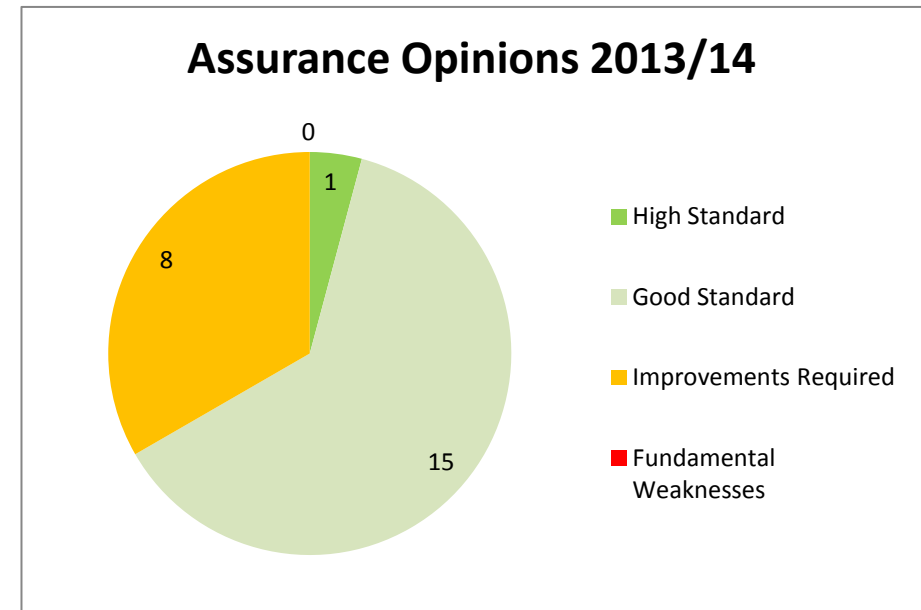
No significant concerns have been identified from our work including that on grants and management have responded positively to any recommendations for improvement. The Appendix 1 details the assurance opinions for individual audits for which definitions of the assurance opinion ratings are given in Appendix 4.

### Key Risks / Issues

The lack of integration of ICT Continuity & Disaster Recovery into Risk Management.

An imminent change to the material systems control framework is the introduction of Payroll 'self-service'; we will review and report on the impact of this change in our annual report.

Given the previous unsuccessful payroll implementation project, there is a risk to the success of the current project; we are providing ongoing support and advice and will be issuing a 'lessons learnt' style report in relation to the previous project in order that this can inform the current project.



## Public Health

In our opinion, and based upon our audit work completed during 2014/15, 'watching briefs' and direct advice provided 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.

The Public Health directorate incorporates both the Public Health functions and those for Community Safety.

Our Community Safety work is largely complete with both areas examined requiring improvement in the control framework; management have responded positively to our work which in addition to control framework assessment included 'added value' elements involving benchmarking and risk / benefit analysis.

Our Public Health work is scheduled for the second half of the year, and hence this six month report only records the change of status to 'final' of the previous work on the Transfer of Public Health; the planned work for the upcoming six months includes a follow up of this transition.

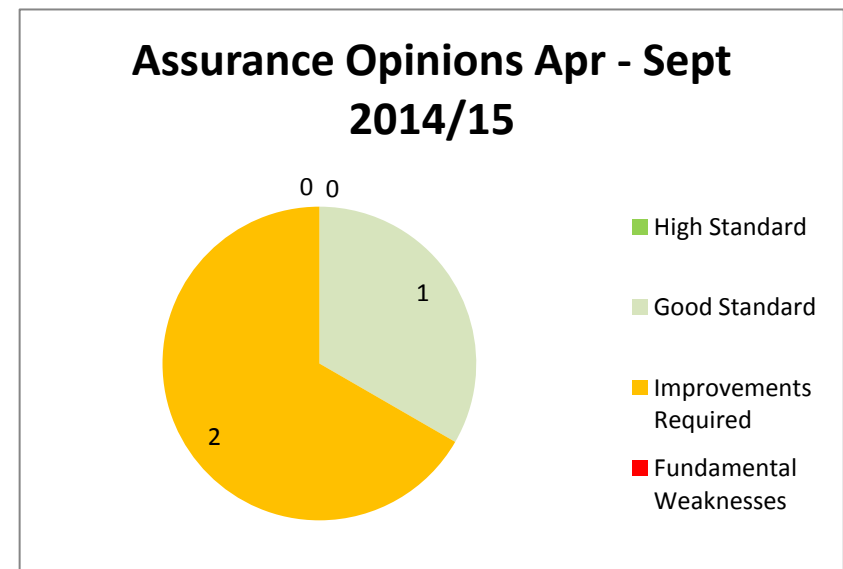
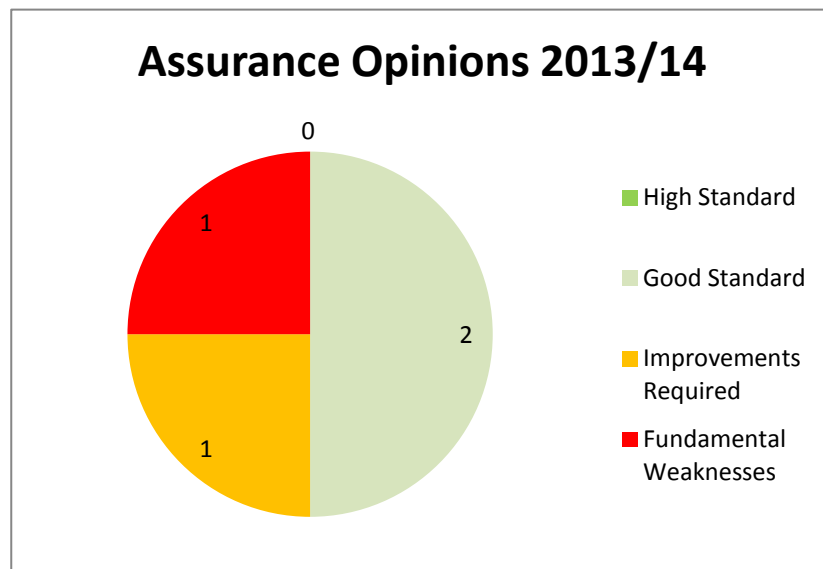
No significant concerns have been identified from our work and management have responded positively to any recommendations for improvement. The Appendix 1 details the assurance opinions for individual audits for which the definitions of the assurance opinion ratings are given in Appendix 4.

### Key Risks / Issues

Risks inevitably exist when establishing the delivery of a service area such as Public Health, and issues have previously been reported in relation to workforce planning, information governance, emergency planning and preventative work.

Our planned follow up of the transfer of the service will establish whether effective steps have been taken to mitigate the risks identified and facilitate the expedition of progress if necessary.

Contract and partnership management arrangements are a risk to the ongoing provision of service within Community Safety; we are working with management to ensure robust management action plans are established to mitigate these risks.



## Place

In our opinion, and based upon our audit work completed during 2014/15, 'watching briefs' and direct advice provided 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.

The Place directorate incorporates other entities in terms of the Torbay Development Agency (TDA), the English Riviera Tourism Company (ERTC), Torbay Coast and Countryside Trust (TCCT) and TOR2.

Our work in relation to these entities is predominantly scheduled for the second half of the year, and hence this six month report only records the change of status to 'final' of the previous work and the outcome of our follow up work and ongoing involvement in relation to TOR2 Contract Monitoring and the Future State Project.

In relation to TOR2, we have highlighted the need to focus on managing the risks arising as a result of changes to the Future State Project to ensure service provision is maintained.

The Tor Bay Harbour Authority's five year rolling audit programme agreed by the Harbour Committee ensures that all risk areas are examined on a cyclical basis; the most recent audit of asset management identified weaknesses in arrangements with the TDA.

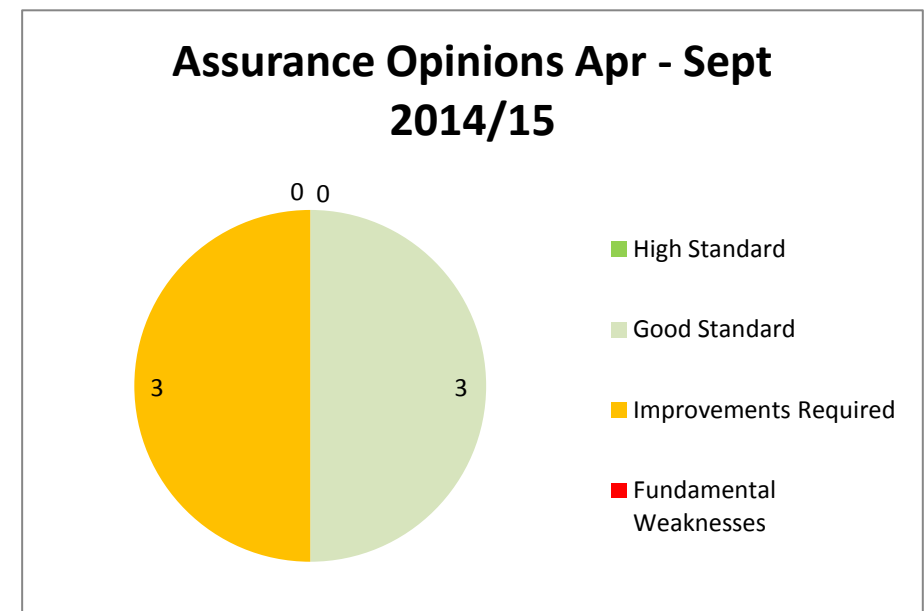
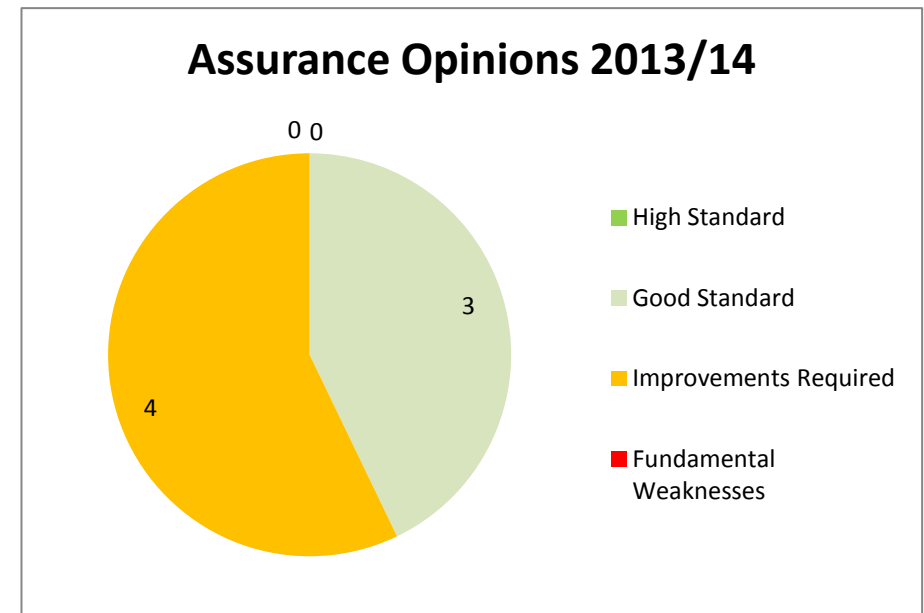
No other significant concerns have been identified from our work and management have responded positively to any recommendations for improvement. The Appendix 1 details the assurance opinions for individual audits for which the definitions of the assurance opinion ratings are given in Appendix 4.

### Key Risks / Issues

Contract and partnership management arrangements are a risk to the ongoing provision of service with Place; we are working with management to ensure robust management action plans are established to mitigate these risks.

Previously highlighted risks remain in relation to the TCCT finalising a revised business plan in light of changing financial constraints and in its service level arrangements and links with the TDA; we will review and report on status in our annual report.

Issues previously identified in relation to inadequacies in procedures and operational control within Parking Services are a risk to its service delivery; we will follow up and report on status and progress in our annual follow up report in summer 2015.



## Adults

As the majority of functions and services within Adults are provided and audited, by the NHS Trust Provider, we are unable to provide an overall opinion. We can, however, comment that in terms of our audit work completed during 2014/15 and where recommendations have been made, action plans have been agreed with management.

The Adults Directorate incorporates both the Joint Commissioning Team functions and those functions provided and audited by the NHS Trust Provider. Our work to date has involved examination of the Supporting People function and the related decommissioning due to be budget reductions. As detailed in Appendix 1, we were able to provide an overall 'Good Standard' audit opinion in relation to the operation of this function.

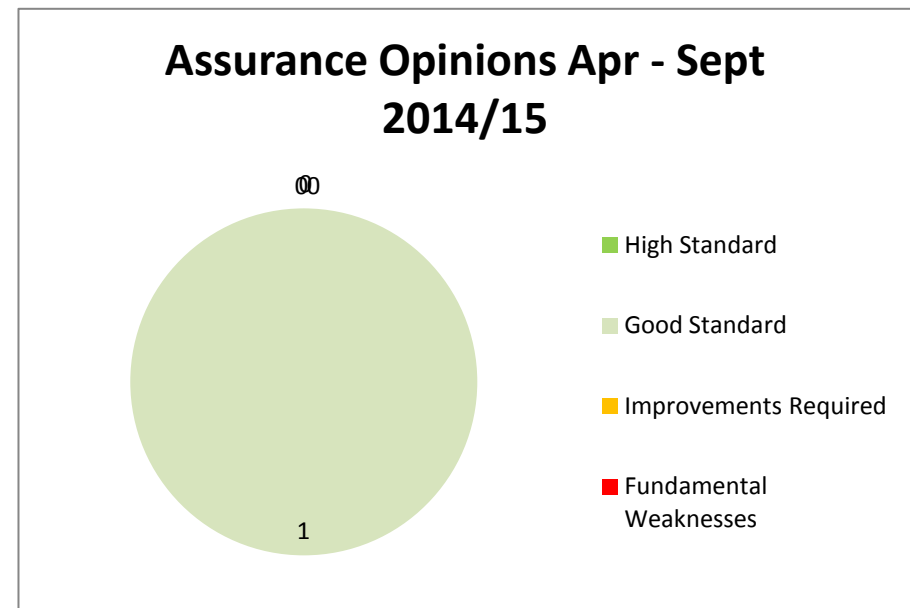
Our planned Adults audit work is complete for 2014/15, and we will be working with management to prepare an audit plan for 2015/16 that examines other functions and addresses new and emerging risks.

The Appendix 1 details the assurance opinions for individual audits for which the definitions of the assurance opinion ratings are given in Appendix 4.

## Key Risks / Issues

Risks inevitably exist in the delivery of a service area such as Adults, as a result of the vulnerability of the clients and where delivery of the service is commissioned to other service providers.

Issues have been identified in relation to contract procurement arrangements and performance monitoring in a specific service area; we will work with management to develop an audit plan for 2015/16 that evaluates more of the commissioning arrangements.



## Children's Services

Based upon our audit work completed during 2014/15 and based on earlier year's work, we conclude that overall a framework of control remains in operation, and where recommendations have been made, action plans have been agreed with management.

The Children's Services directorate incorporates both the Safeguarding & Wellbeing functions and those for Schools.

The overall assurance from schools audit is of good standard. The risk and control framework is of a good standard although there is some non-compliance or poor practice in a small number of schools on governance and use of resources to achieve school improvement. Detailed assurance is provided under a separate report, and also summarised in Appendix 1 to this report.

Our Children's Services work is scheduled for the second half of the year, and hence this six month report only records the certification of the adoption reform grant and the change of status to 'final' of the previous work on the External Contracts and the revised audit opinion as a result of our follow up work; the planned work for the upcoming six months includes opportunity for further additional work to be commissioned in light of changing operational needs and emerging risks to the service area.

Significant concerns have been identified from our previous work; however management have responded positively to recommendations for improvement, as reported in our follow up report in the summer. The Appendix 1 details the assurance opinions for individual audits for which the definitions of the assurance opinion ratings are given in Appendix 4.

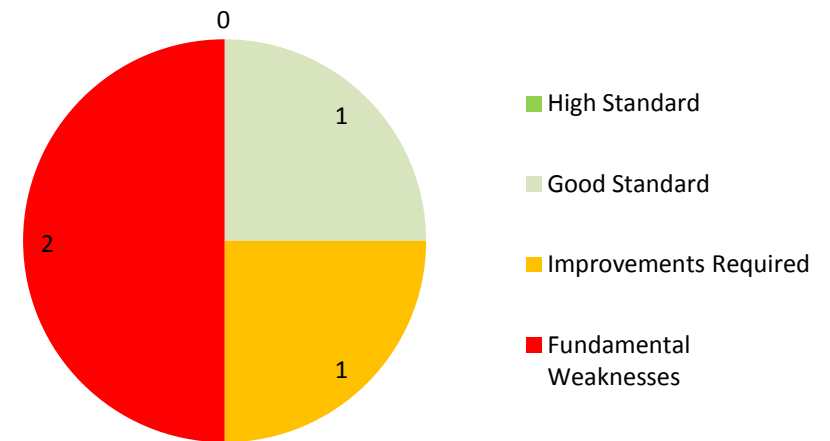
### Key Risks / Issues

Risks inevitably exist in the delivery of a service area such as Children's Services, and issues have previously been reported in relation to contract management and performance monitoring.

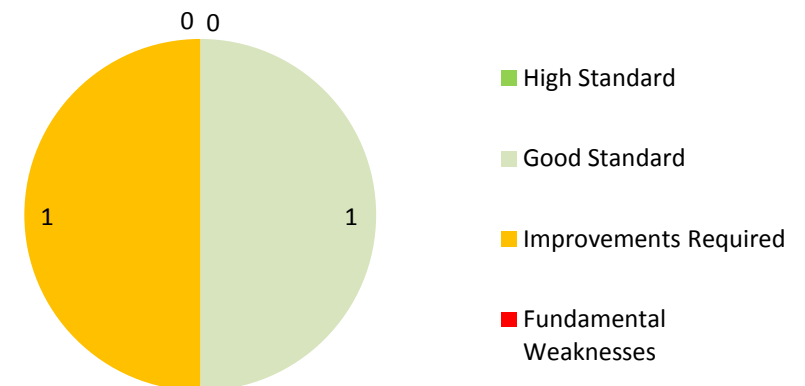
The change to the Troubled Families Programme with movement towards TF Phase 2 will alter the emphasis of the programme to an outcome based grant; we are currently involved in an exploration of the changes and our learning and awareness of best practice from elsewhere will be used to assist our clients.

Our flexible plan for Children's Services will enable us to respond to emerging and new risks.

### Assurance Opinions 2013/14



### Assurance Opinions Apr - Sept 2014/15



## Schools

Our overall opinion is one of Good Standard. 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.

**Good Standard** - our opinion is that the systems and controls in schools mitigate the risks identified in many areas. Although specific risks have been identified on the core element of the audit review at some schools, recommendations have been made to reduce risks and in other areas and are made to strengthen what are reliable procedures.

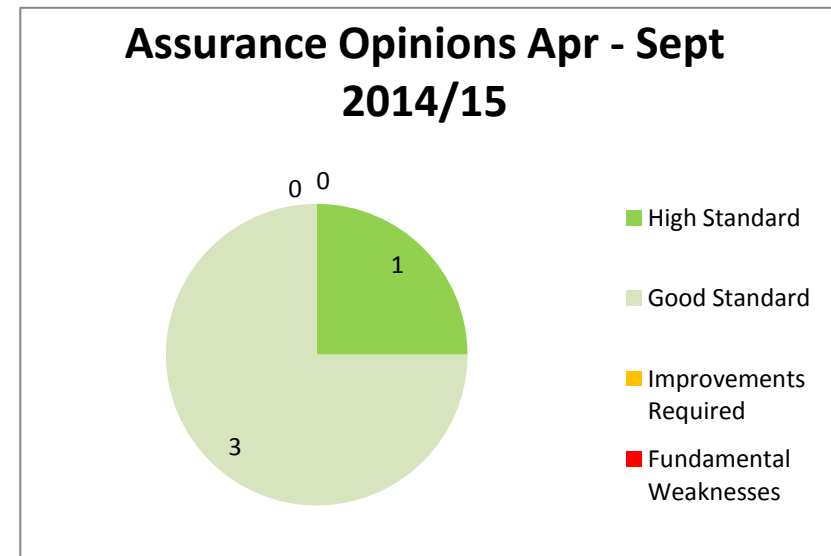
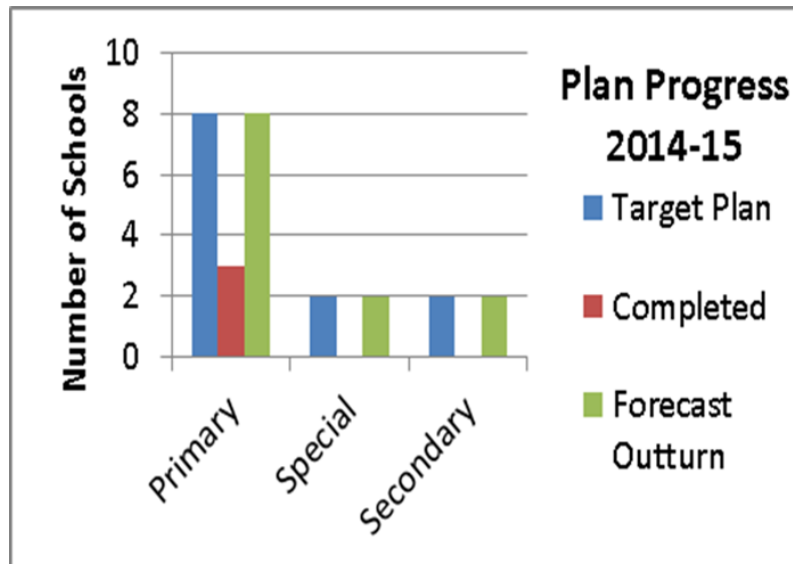
### Key Risks / Issues

The key matters arising from the audits are the:

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

Recommendations have been made to reduce risks and in other areas, recommendations made serve to strengthen what are reasonably reliable procedures.

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.



## Fraud Prevention and Detection

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

Counter-fraud arrangements are a high priority for the Council and assist in the protection of public funds and accountability.

The Audit Commission runs a major national data matching exercise (National Fraud Initiative - NFI) every two years, with additionally data matching for Council Tax Single Person Discount (SPDs) and Rising 18's, now required annually. Data for the forthcoming 2014/15 NFI exercise has now been provided, and the Matching Reports are expected in January 2015, after which DAP will assist departments in undertaking reviews of the matches as appropriate.

Additionally, in 2014, the Council Tax team has engaged the services of Datatank, for the review of Council Tax SPD awards. The annual review / audit report of the Council Tax and NDR teams, has historically reported a previous lack of appropriate review action in this area, and this engagement with Datatank, and the results including the cancelling of SPD awards to the value of £256K this year alone, has gone a significant way in redressing this audit issue.

Linked to Audit Commission requirements, Devon Audit Partnership (DAP) have undertaken the annual 'Protecting the Public Purse' and 'Fraud and Corruption' surveys which feeds into a national overview of fraud within public bodies.

Proactive anti-fraud work regarding Blue Badge Fraud has begun with initial meetings between relevant Council Departments, Torbay and Southern Devon Health & Care NHS Trust, and DAP. Following these, a strategy is being developed to facilitate future operational Blue Badge anti-fraud work.

Additionally, DAP has continued to undertake a six monthly monitoring of staff internet use, to identify any access attempts to websites deemed inappropriate by the Council's Internet Policy. Two Fraud bulletins have been produced and published on DAP's website.

**Irregularities** - During 14/15, Internal Audit have carried out, or assisted in a total of 8 new irregularity investigations within the Authority, including schools. Analysis of the types of investigation and the number undertaken shows the following:-

Issue	Number
IT Misuse	2
Employee Conduct	3
Financial Irregularity	2
Misuse of Council Assets / Facilities	1

The details of these irregularities have been reported to Directors. They included a few significant reviews that have required considerable investigative resource, involving allegations against staff and also a contract compliance matter. In addition, there have been investigations of staff internet and email use.

Additionally, a number of significant 2013/14 irregularities were concluded in 2014/15, and senior management have been made aware of the outcomes of these separately.



## Customer Value

### Resources

Overall, performance against the indicators has been good (see appendix 3); although we acknowledge that actual audit days delivered was below target. We are aware that some of our draft reports were not issued to the customer within the agreed timeframes (15 working days for draft report). We have identified areas where performance has been poor, and are working with our staff to ensure improvement is achieved.

### Customer Service Excellence (CSE)

DAP continues to be maintain accreditation by G4S Assessment Services of the CSE standard. We highly value customer comments on our service and how we can improve our work.

During the period we issued client survey forms with our final reports. The results of the surveys returned are very positive. The overall result is very pleasing, with near 99% being "satisfied" or better across our services, see appendix 3. 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

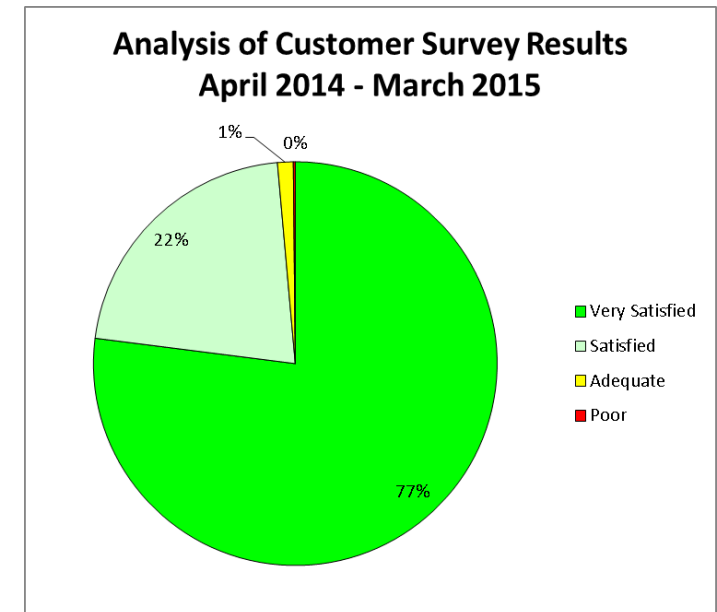
### What Our Customers Said

We have had some very complimentary feedback in the last six months. More details can be found on our website [www.devonaudit.gov.uk](http://www.devonaudit.gov.uk) but some of the more relevant comments include:-

*"The Auditor was extremely helpful and responsive throughout the planning phase. The Auditor was efficient and flexible which helped us respond and plan appropriately. The reporting was timely, and the outcome of the audit was as expected by the board and senior safeguarding staff. The process has provided a useful vehicle to help us plan next steps and future requirements".*

*"The Auditor was accessible and pragmatic in his approach recognising the range of issues we were dealing with and it has been a positive experience".*

*"I cannot praise the Auditor's professionalism highly enough"*



### Added Value

We aim to provide a cost effective, efficient and professional internal audit service that takes the opportunity to add value whenever possible. Some of the specific examples of where our team have been able to add value to the Council in the first six months of 2014/15 include:-

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

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

We continue to develop and train our staff so that they can add value to the organisation as it faces the difficult challenges ahead.





## Appendix 1 – Summary of audit reports and findings for 2014/15

### Risk Assessment Key




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

### Assurance Progress Key




Green – action plan agreed with client for delivery over an appropriate timescale;  
 Amber – agreement of action plan delayed or we are aware progress is hindered;  
 Red – action plan not agreed or we are aware progress on key risks is not being made.  
 \* report recently issued, assurance progress is of managers feedback at debrief meeting.

OPERATIONS & FINANCE					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
<b>Material Systems</b>					
Corporate Debt	ANA - High	Final	Improvements Required	Assurance was reported in the 2013-14 annual report; please refer to that report for details	
Income Collection	ANA - Medium	Final	Good Standard	Assurance was reported in the 2013-14 annual report; please refer to that report for details	
Main Accounting System	ANA - Medium	Final	Good Standard	Assurance was reported in the 2013-14 annual report; please refer to that report for details	
Benefits	ANA – Medium	Final	Good Standard	<p>The benefits department is generally performing effectively. Our sample testing identified only one error in relation to the processing of benefit / support claims and change notifications, and this was deemed to be as a result of a one-off error, rather than being symptomatic of underlying issues such as poorly trained staff, weak quality control, etc.</p> <p>Performance in terms of processing speed has deteriorated this year, however, we understand that remedial action will be taken in this regard. Specific testing of overpayment recovery did not identify any significant issues, however management were not able to provide evidence that write-offs were properly authorised in line with Financial Regulations during the first three quarters of the year.</p> <p>As was the case last year, the Quality Assurance process is generally robust; and benefit payments themselves are well controlled.</p>	

**OPERATIONS & FINANCE**

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Council Tax & NDR	ANA – medium	Final	Improvements Required	<p>The team have continued to maintain accuracy and control over property valuations with amendments to billing adequately supported. Despite the previous establishment of processes, the review and confirmation of the ongoing appropriateness of bill reductions is not consistent or undertaken at a regular frequency, resulting in a risk of unnecessary loss of income.</p> <p>Recommendations have been made to properly embed the new processes, to complete on-going development of procedural documentation, and to make further enhancements to existing processes and controls.</p>	
Bank Reconciliation	ANA – Medium	Final	Good Standard	<p>Bank reconciliation processes for Torbay accounts are robust and effective; only minor issues have been identified in relation to timelines, and retention of supporting records. Reconciliation practices are supported by effective system controls and comprehensive procedure documents.</p> <p>Previous issues identified with the reconciliation of school bank account information in SIMS to FIMS GL have now been fully resolved resulting in accurate reconciliation for 2013/14.</p>	
Debtors	ANA – Medium	Final	Good Standard	<p>The Debtors system is well managed centrally and users are adequately supported by comprehensive procedures and the provision of training. Debtors processes are operating effectively within a sufficiently sound overall control environment with most processes working as expected and as required by the organisation.</p> <p>Certain elements of the debtor process cannot be controlled centrally or are not controlled through system settings / restrictions and therefore reliance is placed on users to comply with procedural expectations. Limited central resources prevent the enforcement of compliance; hence the annual audit highlights incidents of non-compliance.</p> <p>Management continue to accept the risks of not taking action to address control weaknesses and non-compliance issues identified, due to the presence of mitigating controls and for customer service / business practicality reasons.</p> <p>The need for increased reporting and monitoring at senior management / member level in the current economic climate continues to be reported.</p>	

**OPERATIONS & FINANCE**

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Payroll (Northgate)	ANA - Critical	Final	Good Standard	<p>We are pleased to report that this year's assurance opinion has improved to 'Good Standard'. This is partly due to the cyclical nature of our work, resulting in a smaller audit programme and hence fewer recommendations; but also due to continuing progress in addressing prior year issues. This is against a backdrop of there being a significant amount of departmental resource being devoted to the new system implementation project during the 2013-14 year.</p> <p>Issues that remain include the outstanding Business Continuity Plan, the efficiency of the current method for recovering salary overpayments, and the Authority's leavers' process as leavers themselves are not required to be involved in any stage of the process before being terminated in the system. Only a small number of minor issues were identified this year in terms of the accuracy of data entry, and all system amendments tested were found to have been appropriately authorised.</p>	
Purchase Order Processing (POP)	ANA – Medium	Draft	Good Standard	<p>The ordering functionality within POP is effective and provides the majority of the expected controls of an electronic ordering system including robust authorisation controls. It provides for accurate recording of all the key information and the automated transfer and reversal of commitment data to the general ledger.</p> <p>Weaknesses continue to exist in the goods receipting functionality, however steps have been taken and continue to be developed to establish mitigating processes, and the residual associated risks continue to be accepted by management.</p> <p>Previous recommendations remain outstanding in relation to paying invoices relating to block orders, and the continued use of the approved item database.</p>	
IBS System Administration	ANA - Medium	Draft	Good Standard	<p>Progress continues to be made in improving the system management arrangements for the Open Revenue system. The system has been kept current and fit for purpose and the established control environment has been maintained.</p> <p>A number of recommendations remain outstanding from the previous audit and these should now be prioritised to ensure that the impetus in resolving the residual control weaknesses is sustained.</p>	

## OPERATIONS & FINANCE

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				There remain issues relating to the management of access rights, in particular in relation to the inadequate segregation of duty; this is reported annually and the associated risks accepted by management due to operational need and the efficiency advantages achieved through generic working practices.	

The following audits are currently in progress:

- Payroll System Procurement and Management 2013/14 (ANA – Critical)
- Northgate Self Service (ANA – Critical)
- Asset Register Replacement Project 2013/14 (Client Request)
- Creditors (ANA - High)
- FIMS System Admin (ANA – High)
- Asset Register (ANA – Medium)
- Corporate Debt (ANA – Medium)
- Purchasing Cards (ANA – Low, Client Request)

It is anticipated that the reports will be issued & agreed in the third quarter of 2014/15. No issues of major concern have been identified from our fieldwork to date.



The following audits have not yet been started as they are not due to commence until the second half of the year:

- Main Accounting System (ANA – Medium)
- Debtors (ANA – High)
- POP (Electronic Ordering) (ANA – Medium)
- Bank Reconciliation (ANA – Medium)
- Treasury Management (ANA – Low)
- Payroll (ANA – Critical)
- Benefits (ANA – Medium)
- Council Tax & NDR (ANA – Medium)
- IBS Open System Admin (ANA – High)
- Income Collection (ANA – Medium)
- Crisis Support (ANA – Low – Client Request)
- Council Tax Support Scheme (ANA – Low – Client Request)
- Capital Programme (ANA – Medium)

**OPERATIONS & FINANCE**

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	

**Grants**

Highways Capital Funding x 4	Client Request	Completed	Certified	No issues identified	
Adoption Reform	Client Request	Completed	Certified	No issues identified	

The following audit is currently in progress:



- Troubled Families x4 (Client request)

It is anticipated that work on Troubled Families will be ongoing until the end of 2014-15. No major concerns have been identified from our fieldwork to date.




The following audit has not yet been started as it is not due to commence until the second half of the year:

- Wave 7 Aspiring Heads

**IT Audit**

IT Asset Management	ANA - Critical	Draft	Good Standard	Assurance was reported in the half year report; please refer to that report for details.	
Website Content Management	ANA - Low	Final	Good Standard	<p>There are examples of good practice in the management arrangements surrounding the delivery of the Council's website. There is an established process for publishing and management of content. There is a good level of policy and procedural guidance and training material for 'Creators' of the web content, and a large number of staff trained in the upkeep of the content.</p> <p>However, whilst it is understood that organisational shrinkage is having an impact on many council services, it would appear that this is also impacting the ability to maintain the web content, much of which had not been subject to review and is considered out of date. Although the overall opinion is 'Good Standard', the issues identified regarding content being out of date will potentially increase and so the risk will grow.</p> <p>We understand that resource reductions are also likely to impact on the services ability to make satisfactory progress with their planned work programme. To date this has adversely affected the commencement of the</p>	

**OPERATIONS & FINANCE**

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				CMS evaluation due to conflicting work priorities. The evaluation should consider modern open source CMS systems which can offer operation and security benefits. These benefits would be customer specific and therefore any evaluation would require a cost benefit analysis to inform this part of the CMS procurement process.	
Social Networking and Media	ANA - Low	Final	Good Standard	<p>The management and development of the Council's social media channels is the responsibility of the Public Access Channel (PACS) Team. There are examples of good practice in the management arrangements surrounding the use of social media which is supported by a good level of policy and procedural guidance and training material. Some monitoring is undertaken of social media content to establish compliance with expected practice and industry related legislation.</p> <p>Social media content is subject to monitoring by the PACS Team, we have identified opportunities for improvement of use of social networking through :</p> <ul style="list-style-type: none"> <li>- monitoring the effectiveness if use against traditional methods of delivery to target the most effective areas;</li> <li>- potential for financial saving through a continuing reduction in costly customer engagements e.g. a SOCITIM study identified reduction in telephony cost through provision of on-line transacting through social media.</li> </ul>	
ICT Continuity & Disaster Recovery	ANA - High	Final	Improvements Required	<p>Follow up Exec Summary - Progress against the agreed recommendations has not been undertaken as originally expected, however there is some integration work required with the revised Risk Management methodology and therefore delays have in part been linked to the further development and integration of Risk Management into the SLT framework.</p> <p>A number of the agreed actions have not yet taken place and therefore the level of risk has not been reduced. The relevant Executive Heads have scheduled a meeting with Audit to facilitate progression of the recommendations.</p>	
Telephony & Voice	ANA - Medium	Draft	High Standard	The controls in place in relation to the Council's telephony network have both a strategic and operational perspective. They are robust and provide the organisation with a sound control framework. As with many areas further investment into IT would greatly increase the entire control framework and the overall resiliency.	



## OPERATIONS & FINANCE

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Information Security Group	Client Request	Ongoing	Not Applicable	<p>Support continues to be provided in the form of attendance and active participation in the Information Security Group, including involvement in the End User Computing policy and PCI compliance.</p> <p>Work continues at the request of the client in terms of meeting attendance and active participation in arising associated activities including involvement in the group's work on emerging issues.</p>	Not applicable

The following audits are currently in progress.

- File Storage (ANA – Critical)
- Change Management (ANA – High)
- Corporate Printing (ANA – Medium)
- Information Security (Data Protection) (ANA- High)

It is anticipated that the reports will be issued & agreed in the third quarter of 2014/15. No issues of major concern have been identified from our fieldwork to date.


The following audits have not yet been started as they are not due to commence until the second half of the year:

- Public Health Data Transfer including N3 (ANA – High)
- Mobile Device Management (ANA – Critical)
- Database Administration (ANA – High)
- Service Strategy (ANA – High)
- Thin Client (ANA – High)
- ITRA (IT Risk Assessment) (ANA – High)
- Channel Shift (ANA – High)
- Harbour Mooring Replacement System (ANA – Medium)

The following audit have been cancelled or deferred to 2015-16 at the request of the client:

- Corporate Information Management (ANA – High)

**OPERATIONS & FINANCE**

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
<b>Other</b>					
Democratic Representation and Management	ANA - Medium	Final	Good Standard	Assurance was reported in the 2013-14 annual report; please refer to that report for details	

The following audits are currently in progress.

- Human Resources (ANA – High)
- Disposal of assets linked to CCRP/ORP (ANA - High)
- Procurement - Compliance with Statutory & Council Regulations (ANA - High)




It is anticipated that the reports will be issued & agreed in the third quarter of 2014/15. No issues of major concern have been identified from our fieldwork to date.

The following audits have not yet been started as they are not due to commence until the second half of the year:

- Business Change (ANA – High)
- Procurement / Contracts (ANA – Medium)
- Demand Management including Financial Planning (LARR – Strategic Risk)

The following audits have been cancelled or deferred to 2015-16 at the request of the client:

- Fair Decision Making (LARR – Strategic Risk)







PUBLIC HEALTH					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
<b>Public Health</b>					
Transfer of Public Health Service	ANA – Critical	Final	Good Standard	Assurance was reported in the 2013-14 annual report; please refer to that report for details.	
Bereavement	ANA - Low	Final	Improvements Required	<p>Cemetery and crematorium fees charged were found to be competitive with Torbay comparing favourably i.e. generally lower than Exeter and Plymouth for the majority of services / products. The Appendix gives a detailed breakdown of the comparable fees.</p> <p>Examination of fees charged found that these have not consistently been increased in accordance with the management contract; however, they do accord with the original Memorandum agreed by Council in 2008. Client side management should still however monitor these closely going forwards.</p> <p>Contract management arrangements require improvement in a number of areas. Although accurate, the annual rent review process is not timely, which in turn has impacted the timeliness of income received. Additionally, contract monitoring in relation to asset management and maintenance is insufficient to ensure that the conditions of the 'full repairing lease' (FRL), which imposes full repairing and insuring obligations on the tenant (Contractor) are being met to mitigate the risks of asset deterioration and H&amp;S risks to the public.</p>	
Community Safety - Safer Communities	ANA - High	Draft	Improvements Required	<p>At both an operational and strategic level the Domestic Abuse Steering Group (DASG), and Stronger Board, respectively provide direction and support for the Team delivering domestic abuse services. Despite this support and direction, the 'Torbay Strategy Against Domestic Abuse' for 2013-18 was found to be still waiting approval leading to a risk of a lack of agreed strategic direction and service planning.</p> <p>The DASG membership was incomplete in terms of inclusion of all relevant partners and it was identified that some partners are failing to provide adequate support. Existing arrangements may be further strengthened by having cross-partner agreement regarding levels of resourcing / financing, or a 'pooled budget'.</p>	

**PUBLIC HEALTH**

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				<p>Performance of the service was found to be effectively monitored and reported in a timely fashion, although recommendations have been made to be more proactive where underperformance has been identified. Case file management is not consistent and this may be an impacting factor on performance.</p> <p>Additional added value information is provided in Appendices to support service improvement, detailing the risks / benefits of the transfer of responsibility for high risk Domestic Abuse cases and the resource / cost drivers affecting Domestic Homicide Reviews.</p>	

The following audits have not yet been started as they are not due to commence until the second half of the year:

- Lifestyle Service review (ANA - Medium)
- Public Health / NHS Links (ANA - High)
- Transition Follow Up (ANA - High)

PLACE					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
<b>Place</b>					
Torbay Coast and Countryside Trust	ANA - Medium	Final	Good Standard	Assurance was reported in the 2013-14 annual report; please refer to that report for details.	
Torbay Development Agency - Cockington Court	ANA - High	Final	Good Standard	Assurance was reported in the 2013-14 annual report; please refer to that report for details.	
Parking Services	ANA - High	Final	Improvements Required	Assurance was reported in the 2013-14 annual report; please refer to that report for details.	
Torbay Harbour Authority - Asset Management	ANA - Medium	Final	Improvements Required	<p>Governance in relation to Tor Bay Harbour Authority asset management was found to be exceptional, with the Tor Bay Harbour Authority benefiting from the established arrangements of Torbay Council and enhancing these with specific additional requirements addressed through the Harbour Committee.</p> <p>Although processes and arrangements are in place to operationally manage the assets, a number of weaknesses were identified that could lead to loss of income and unidentified deterioration in assets. The number of issues identified has resulted in our overall assurance opinion being 'Improvements Required'. Torbay Development Agency (TDA) provide certain services to the Tor Bay Harbour Authority in relation to asset management and hence improved monitoring of service delivery and establishing closer and more effective working practices with the TDA would assist in addressing some of the issues found during this audit.</p>	
Carbon Management – CRC Annual Submission	Client Request - Statutory Requirement	Certified	Good Standard	No issues identified.	
TOR2 Contract Monitoring	ANA - High	Final	Improvements Required	<p>As last year, the overall audit opinion above states 'Improvements Required', and the direction of travel has continued upwards i.e. improvements made. However, as specified below, Corporate Governance continues to present an ongoing risk which impacts on the overall audit opinion.</p> <p>The lack of completion and delivery of the Annual Report and Annual Business Plan, in accordance with the requirements of Schedules 17 and 20 respectively,</p>	

PLACE					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				<p>remains an ongoing concern. Additionally, the updating of the Risk Matrix, and a Business Continuity Plan in the event of TOR2 'going bust', are yet to be provided.</p> <p>On the whole, as at the end of 2013/14, contract monitoring arrangements at the operational level have improved considerably since the start of the contract, and would be close to achieving a 'Good Standard', with some previously reported issues close to resolution, however new issues have also been identified, and some existing IT issues remained outstanding.</p> <p>This report has also identified new risks presented by the changes which the Future State Project brings from April 2014 on, although these have not been used to affect Audit's level of assurance opinion within the Operational Risks (Risk 2) assessment for 2013/14.</p> <p>The introduction of these risks from April onwards provides new challenges to ensure that service provision is maintained within an environment of reduced budget, staff changes, and process / system changes.</p> <p>Focus on managing these risks proactively should prevent the 2014/15 contract management and monitoring arrangements falling back to a less than satisfactory standard, and the associated risks that the quality of service provision drops, and this drop in service is not subsequently identified for appropriate payment deductions to be made.</p>	


The following audits are in progress at year end.

- Transport - Synergy Strategic & Operational (ANA - High)
- Section 106 (ANA – Medium)
- TOR2 Future State Project (ANA – Medium) (Client Request)


It is anticipated that the reports will be issued & agreed in the third quarter of 2014/15. No issues of major concern have been identified from our fieldwork to date.

The following audits have not yet been started as they are not due to commence until the second half of the year:




- Tor Bay Harbour Authority (ANA - Medium)
- Museum Services (ANA - Low)
- Concessionary Fares (ANA - High)
- Sports Facilities (Client Request)

PLACE					
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"> <li>- South Devon Link Road / Waste PFI (ANA - High)</li> <li>- Place projects (ANA - Medium)</li> <li>- Torbay Development Agency (TDA) (ANA - High)</li> <li>- English Riviera Tourism Company (ERTC) (ANA - Medium)</li> <li>- Torbay Coast &amp; Countryside Trust (TCCT) (ANA - Medium)</li> </ul>					
The following audit has been cancelled or deferred to 2015-16 at the request of the client: <ul style="list-style-type: none"> <li>- Planning (ANA – Medium)</li> </ul>					
Grants					
Highways Capital Funding x 4	Client Request	Completed	Certified	No issues identified.	



Adults					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Supporting People	ANA – Medium Risk	Final	Good Standard	<p>Supporting People have achieved a ‘High Standard’ assurance opinion in relation to decommissioning by ensuring that all of their services have been fully informed of the possible cuts by producing a consultation summary document detailing the proposals and including an equality impact assessment for each of those areas. Councillors were then able to make informed decisions as part of the decision-making process regarding the Council's budget. This led to transitional funds being made available for some of the services at risk to allow for a phased withdrawal from the service.</p> <p>Post decommissioning reviews have since been undertaken, however the resulting decommissioning plan needs to be formalised as part of a project plan for each service at risk. Performance indicators are in place for service providers, but require review for ongoing currency and relevance.</p> <p>Review of contracts with service providers found a lack of authorisation of waivers in relation to procurement rules. Additionally, it was noted that invoices were not provided to support payments leading to VAT non-compliance; it is acknowledged that the payments examined were fully supported by contract information and that reconciliation processes were robust.</p>	

Our work in Supporting People concludes our audit plan for 2014/15. We will work with the Adults management team to produce an audit plan for 2015/16 that examines other functions and addresses new and emerging risks.

Children's Services					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Children's Services External Contracts	ANA - High Risk	Final	Improvements Required	<p>Assurance was reported in the 2013-14 annual report; please refer to that report for details.</p> <p>Revised assurance was reported in the 2014-15 Follow Up Report on Areas Requiring Improvement, changing our audit opinion from 'Fundamental Weaknesses' to Improvements Required; please refer to that report for details.</p>	
Maintained Schools audit programme	Agreed programme through 'buy back'	On-going	Good Standard	The overall opinion for the routine school audit visits has been maintained as 'good standard' (refer to summary data below). The provision of internal audit's performance data provides a greater focus on schools causing concern in the wider control environment.	
Schools Financial Value Standards (SFVS)	ANA – Low Mandatory for LA / Schools	Final	Good Standard	SFVS Dedicated Schools Grant Chief Finance Office assurance statement for 2013/14 submitted to the Department for Education.	

The following audit is currently in progress:


- Intensive Family Support Service (IFSS) (Client Request)

It is anticipated that the report will be issued & agreed in the fourth quarter of 2014/15. No issues of major concern have been identified from our fieldwork to date.

The following audits have not yet been started as they are not due to commence until the second half of the year:

- Early Years (ANA – Medium)
- PARIS (ANA – Critical)
- Safeguarding (LARR – Strategic Risk)

In addition, time has been allowed in the plan for additional work to be commissioned as a result of changing operational needs and related audit requirements.

Grants					
Adoption Reform	Client Request	Completed	Certified	No issues identified.	

## Children's Services

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	

The following audit is currently in progress:

- Troubled Families Programme x4 (Client Request)

It is anticipated that work on Troubled Families will be ongoing until the end of 2014-15. No major concerns have been identified from our fieldwork to date.

The following audit has not yet been started as it is not due to commence until the second half of the year:

- Wave 7 Aspiring Heads

<b>Maintained Schools Summary Data</b>	<b>Assurance Opinion</b>
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<p><b>The key matters arising from the audits are the:</b></p> <ul style="list-style-type: none"> <li>• understanding of financial management by governors and skills assessment as evidenced by the requirements of the Standard</li> <li>• demonstrable financing of plans for raising standards and attainment; and,</li> <li>• absence of financial benchmarking.</li> </ul> <p>Recommendations have been made to reduce risks and in other areas, recommendations made serve to strengthen what are reasonably reliable procedures.</p>	<p>Good Standard</p>
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## 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:

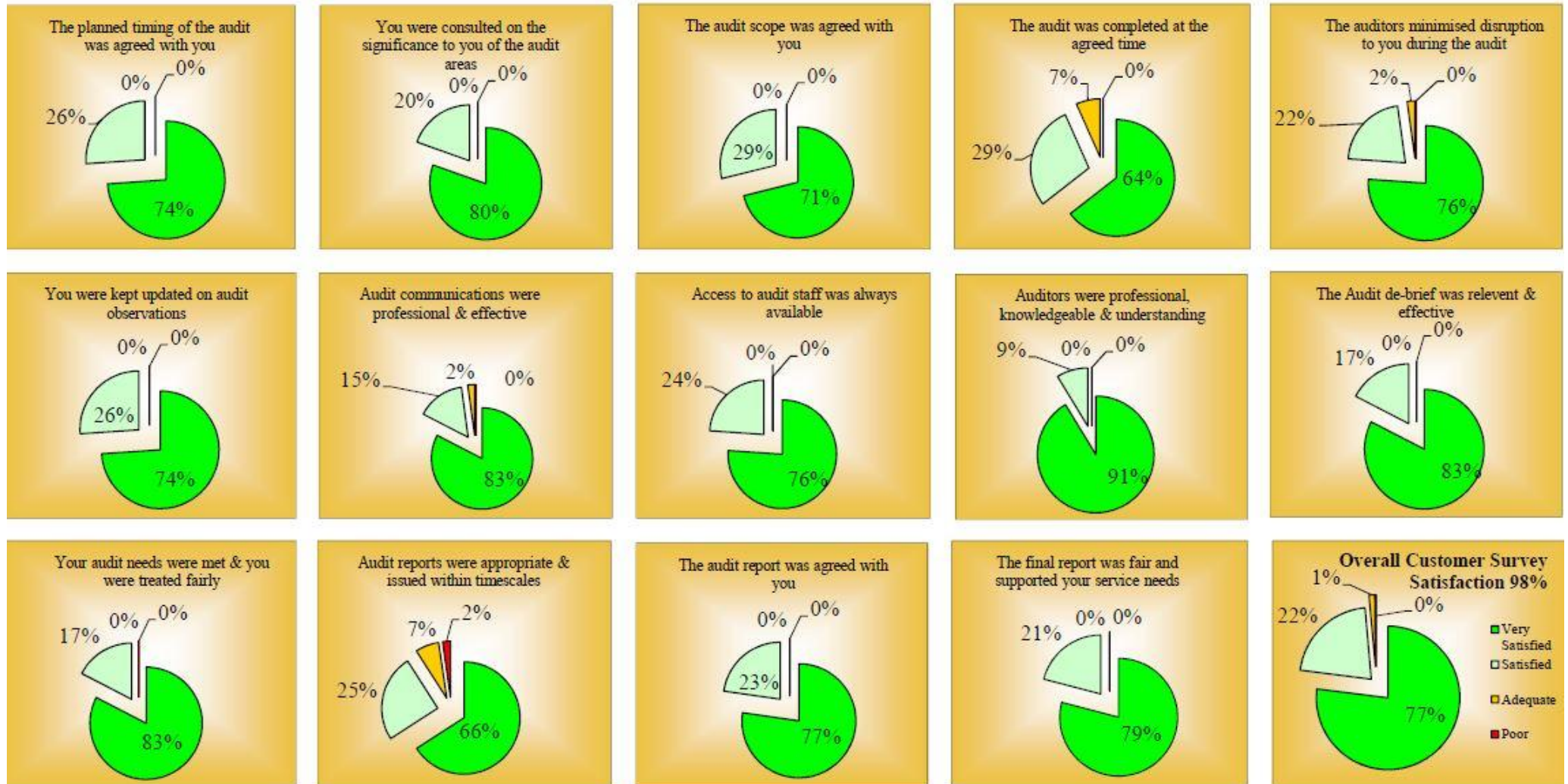
<b>Annual Local Performance Indicators (LPI)</b>	<b>2012/13</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2014/15</b>
	<b>Target</b>	<b>Actual</b>	<b>Target</b>	<b>Actual</b>	<b>Target</b>	<b>Six Month Actual</b>
Percentage of Audit plan Commenced (Inc. Schools)	95%	97.75%	100%	96.5%	100%	63.9%
Percentage of Audit plan Completed (Inc. Schools)	90%	94.3%	93%	94.6%	93%	44.4%
Actual Audit Days as percentage of planned (Inc. Schools)	90%	99.7%	95%	97.5%	95%	39.3%
Percentage of fundamental / material systems reviewed annually	100%	100%	100%	100%	100%	On target
Percentage of chargeable time	65%	66.1%	65%	69.3	65%	66.6%
Customer Satisfaction - % satisfied or very satisfied as per feedback forms	90%	94.5%	90%	98%	90%	99%
Draft Reports produced within target number of days (currently 15 days)	90%	79.7%	90%	80.1%	90%	77.5%
Final reports produced within target number of days (currently 10 days)	90%	86.4%	90%	89.1%	90%	95.2%
Average level of sickness absence (DAP as a whole)	2%	2.9%	2%	3%	2%	2.5%
Percentage of staff turnover (DAP as a whole)	5%	8.5% (3 people)	5%	3%	5%	2% (1 person)
Out-turn within budget	Yes	Yes	Yes	Yes	Yes	On target

Overall, performance against the indicators has been good, although we acknowledge that actual audit days delivered was below target. We are aware that some of our draft reports were not issued to the customer within the agreed timeframes (15 working days for draft report). This is improving and we have identified areas where performance has been poor, and are working with our staff to ensure improvement is achieved.

## Appendix 3 - Customer Service Excellence

### Customer Survey Results April 2014 - Sept 2014

The charts below show a summary of 46 responses received.



## Appendix 4 – Definitions

### Definitions of Audit Assurance Opinion Levels

### Confidentiality under the National Protective Marking Scheme

Assurance	Definition	Marking	Definition
High Standard.	The system and controls in place adequately mitigate exposure to the risks identified. The system is being adhered to and substantial reliance can be placed upon the procedures in place. We have made only minor recommendations aimed at further enhancing already sound procedures.	Not Protectively Marked or Unclassified	Documents, information, data or artefacts that have been prepared for the general public or are for the public web pages or can be given to any member of the public without any exemptions or exceptions to release applying, have the classification NOT PROTECTIVELY MARKED. Some organisations will also use the word UNCLASSIFIED for publicly available information.
Good Standard.	The systems and controls generally mitigate the risk identified but a few weaknesses have been identified and / or mitigating controls may not be fully applied. There are no significant matters arising from the audit and the recommendations made serve to strengthen what are mainly reliable procedures.	Official	The majority of information that is created or processed by the public sector. This includes routine business operations and services, some of which could have damaging consequences if lost, stolen or published in the media, but are not subject to a heightened threat profile.
Improvements required.	In our opinion there are a number of instances where controls and procedures do not adequately mitigate the risks identified. Existing procedures need to be improved in order to ensure that they are fully reliable. Recommendations have been made to ensure that organisational objectives are not put at risk.	Secret	Very sensitive information that justifies heightened protective measures to defend against determined and highly capable threat actors. For example, where compromise could seriously damage military capabilities, international relations or the investigation of serious organised crime.
Fundamental Weaknesses Identified.	The risks identified are not being controlled and there is an increased likelihood that risks could occur. The matters arising from the audit are sufficiently significant to place doubt on the reliability of the procedures reviewed, to an extent that the objectives and / or resources of the Council may be at risk, and the ability to deliver the service may be adversely affected. Implementation of the recommendations made is a priority.	Secret and Top Secret	The most sensitive information requiring the highest levels of protection from the most serious threats. For example, where compromise could cause widespread loss of life or else threaten the security or economic wellbeing of the country or friendly nations.