

Internal Audit

Half Year Report 2016/17

Torbay Council  
Audit Committee

December 2016

Not Protectively Marked

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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 government security classifications. It is accepted that issues raised may well need to be discussed with other officers within the Council, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation's disclosure policies.</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.</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 2016/17 was presented to and approved by the Audit Committee in March 2016. The following report and appendices set out the current position of the audit service provision; reviews work undertaken to date in 2016/17 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;
- completion of audit work against the plan;
- scope and ability of audit to complete the audit work;
- progress impact against strategic aims;
- audit coverage and findings provided;
- 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, based on work performed during 2016/17 and our experience from the current year progress and previous years' audit, the Head of Internal Audit's Opinion is of "Significant Assurance" on the adequacy and effectiveness of the Authority's internal control framework.**

*This assurance statement is in line with the definitions below and will provide Members with an indication of the direction of travel for their consideration for the Annual Governance Statement.* 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.

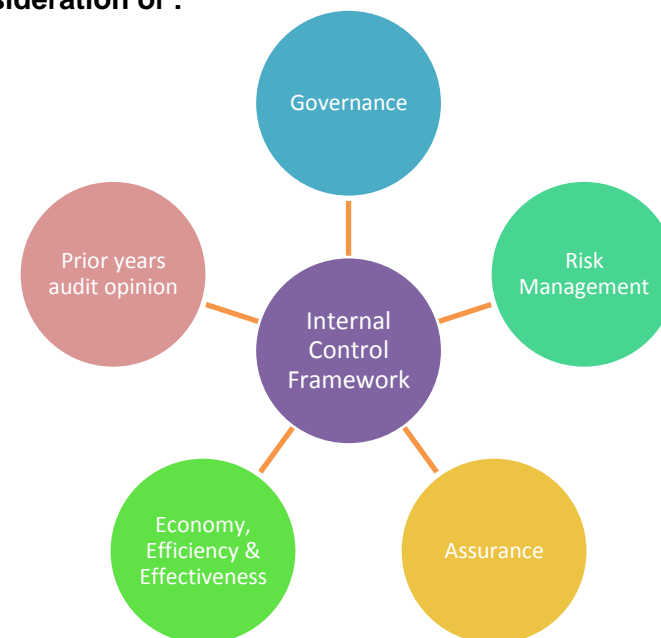
Directors have been provided with details of Internal Audit's opinion on each audit review carried out in 2016/17. If significant weaknesses have been identified in specific areas, these will need to be considered by the Authority in preparing its Annual Governance Statement later in the year when preparing the Statement of Accounts for 2016/17.

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 are reviewed during subsequent audits or as part of a specific follow-up process.

Generally, our work has not been adversely affected by planned changes during the first six months. There have been no significant changes made to plans to date, although minor alterations have been made to the Children's Services, Community & Customer Services and Corporate & Business Services plans.

The 2016/17 level of irregularity work to date is within anticipated levels and has not adversely impacted delivery of the plan. Some of our planned assurance work is necessarily scheduled for completion in the second half of the year and other work involves ongoing project support, however, we feel, based on the work completed and on previous year's work that the framework of control remains in operation.

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



<b>Full Assurance</b>	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.
<b>Significant Assurance</b>	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.
<b>Limited Assurance</b>	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.
<b>No Assurance</b>	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.

## 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:

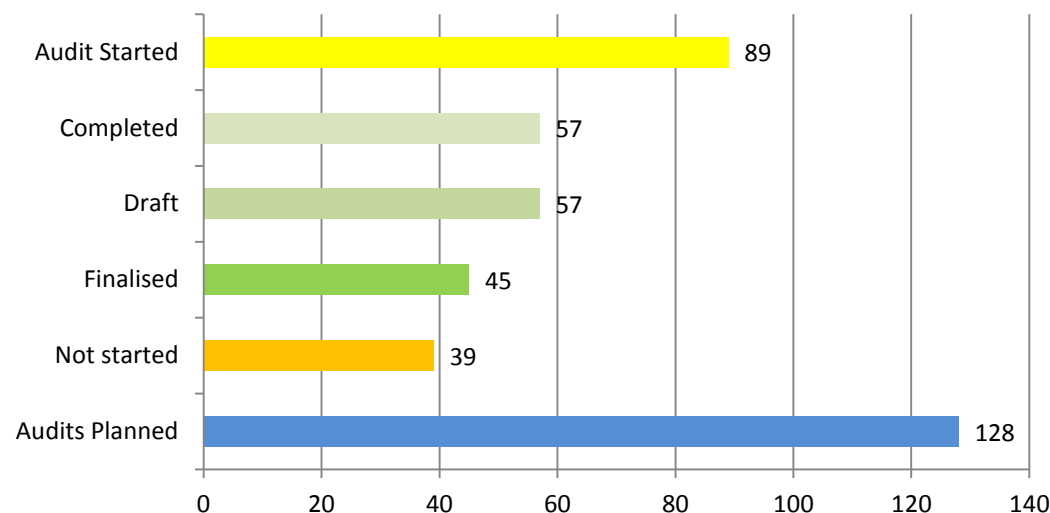
- a comparison of internal audit activity during the year with that planned, placed in the context of internal audit need;
- a summary of significant fraud and irregularity investigations carried out during the year and anti-fraud arrangements; and
- a statement on the effectiveness of the system of 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. Some of our work supports projects and hence completion will be in accordance with project timescales. The level of irregularity work has been in line with anticipated levels and the need for investigation work has not had an adverse impact on the overall completion of the plan.

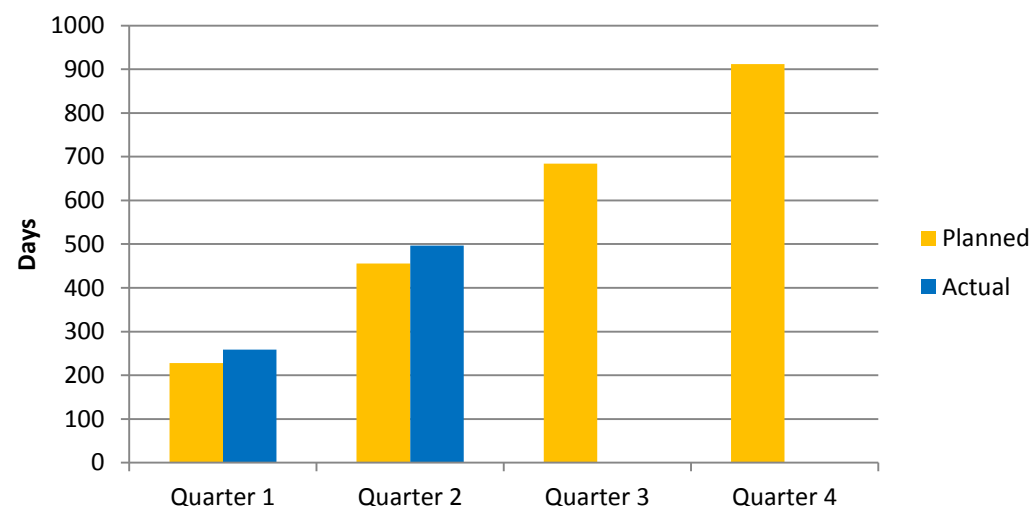
The bar charts right show the status of audit progress against plan and audit the days delivered against target planned. The charts demonstrate that progress is largely in line with expectations and that the number of audit days delivered is approximately as that planned.

Appendix 2 provides further performance information for the first six months of 2016/17.

### Audit Progress Against Plan 2016-17



### Audit Plan Days



## 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 service area highlighting developmental areas. The overall audit assurance will have to be considered in light of these positions.

### Corporate and Business Services

Risk Management and performance monitoring is subject to strategic review, but there remains development opportunity for linkage to service and operational risk.

Full realisation of the benefits of Payroll / HR Self Service remains ongoing due to project timescales.

Implementation of changes to creditor processing to address authorisation control weaknesses and increase automation has been delayed. Similarly, progression in relation to Income Collection system access control improvements remains outstanding resulting in insufficient segregation in operational practices.

Structural and responsibility changes continue in Revenue and Benefits and impact the delivery of the required improvements within the material system functions within this service area including crisis support; we will report on status in our annual monitoring report.

Implementation of the new Harbour Management System has impacted the rate at which improvements in Torbay Harbour Authority income collection has been delivered including recovery of older debt. Difficulties in progressing improvements to fish toll income arrangements with Brixham Trawler Agency (BTA) exist, and improvements are pending to the control over direct landings. Income potential is being affected due to the lack of review of lease agreements on Tor Bay Harbour Estate property which is reliant on working arrangement with the Torbay Development Agency.

Establishing and embedding the ethics and culture of the organisation in its new structure remains ongoing.

The Transformation Programme will affect capacity to deliver improvements and developments whilst maintaining 'business as usual'.

## Community and Customer Services

We refer you to our annual follow up report of areas that were found to require improvement where we identified some areas in ICT where progress was limited.

Internal Audit continues to provide advice and support to the development of an ICT Service Strategy. There are elements regarding the structure of the organisation going forward that impact ICT's strategic direction. Further, the IT elements of the Transformation Programme are yet to be fully defined; which once confirmed may also impact upon strategy formulation.

Work to examine ICT processes remains ongoing, relating to corporate IT system projects, Channel Shift and change arrangements. To address current emerging IT risk areas we are undertaking a piece of work on Cyber Security, in line with the Government framework. We acknowledge that the capacity to change may be affected by resource constraints; however the Transformation Programme should assist all areas in times of reducing budget.

Following audit findings in relation to concessionary fares, the Council is working with a consultant to ensure that reimbursement rates are accurate for future years and provide opportunity for future budget savings.

Corporate Security and CCTV continues to be subject to review within the organisation and decisions made could impact organisation and public security.

The lease arrangements for Sports Pitches have been subject to recent discussion and decision by Members and, as such, progression of change was delayed.

Structural and responsibility changes continue in Revenue and Benefits and impact the delivery of the required improvements within the material system functions within this service area including crisis support; we will report on status in our annual monitoring report.

The wider audit work in the Corporate Debt reported last year identified the disjointedness of the Council's approach to debt recovery; steps are being taken to address this and the related links to the Sundry Debtors system and we will be examining the position later in the year.

## Children's Services

Our ongoing work with regard grant certification in relation to the Troubled Families Programme provides assurance in terms of conditions associated with funding continuing to be met.

The report upon Fostering and the comments made regarding achievement of 'value for money' may not have been progressed, as a management action plan is yet to be agreed.

## Public Health

We have not issued a six monthly monitoring report for Public Health as our work is scheduled for the second half of the financial year.

## Adult Services

The limited plan of work within Adult Services for 2016/17 and in previous years, and the position that various functions are provided and audited by the NHS Trust Provider means that we cannot quantify the impact of audit progress on risks within the whole service area.

The Adults Social Care Commissioning Team encompasses Commissioning, Performance Management, Community Engagement, Healthwatch, Housing Strategy, Prevention and NHS Advisory Service, with services provided by the NHS Trust Provider.

The report in relation to NRS Joint Equipment Store and the matters noted in relation to equipment maintenance, collection of legacy equipment and maintenance of the database may not have been progressed, as a management action plan is yet to be agreed.

Our work in the second half of the year will consider the Better Care Fund and Commissioning & Performance Management in the service area.



## 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:

### Corporate and Business Services

- continuing our ongoing involvement in Self Service project ensuring that control issues are highlighted and resolved before implementation, and ensuring alignment to Human Resources policies and regulatory requirements;
- advice and support to the development of risk management and its wider integration with other key business areas;
- continued attendance and active participation in the Council's Information Security Group;
- using prior knowledge to assist the Council with developing the agreement for the new Business Improvement District;
- continuing on from last year our ongoing support to the 'Ethics and Culture' project in an advisory / consultative capacity;
- 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;
- ongoing support to the harbour mooring system project
- Current review of Tor2 ICT Integration to support the contract review process and identify potential areas for improvement
- assistance to the implementation of risk based verification;
- review of the wider debt recovery practices across the Council

### Public Health

- We intend to add value in relation to our work on commissioning and contracts management in the second half of the year.

### Schools

- Our support continues to help all schools comply with the schools financial value standard

### Adult Services

- inclusion of the NRS Joint Equipment Store audit in the planned work post Audit Committee plan approval as a result of a flexible audit plan approach and effective client liaison;
- the development of future years audit plans to cover new and emerging risk.

### Community and Customer Services

- planned work to support progression of ICT Continuity & Disaster Recovery integration into the Risk Management methodology;
- provision of continued support for the ICT Strategy development in line with the Council's Corporate Plan and Transformation programme;
- Current review of Tor2 ICT Integration to support the contract review process and identify potential areas for improvement;;
- ongoing advisory member of the Information Security Group;
- ongoing support to various ICT system developments in line with project requirements and timescales, for example the harbour mooring system, library system; HR/Payroll MyView projects;
- identification of an error in relation to the use of formula for concessionary fares resulting in a potential substantial saving;
- assistance to the implementation of risk based verification;
- examination of practices at the Velopark in relation to benefits realisation;
- review of the commercial viability in relation to sports pitch leases;
- support to the public toilets review project;
- support to the Corporate Building Security project through involvement as an advisory member of the project team;
- review of the wider debt recovery practices across the Council.

### Children's Services

- assistance in maintaining the impetus in management action plans to address previously identified risks through an annual and robust follow up exercise;
- development of the current year's and future years audit plans to incorporate flexibility to meet changing and developing business demands and to cover existing and new or emerging risks.



## Executive Summary - Audit findings

### Corporate and Business Services

In our opinion, and based upon our audit work completed during 2016/17, 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.

The wider audit work in the Corporate Debt audit reported last year identified the disjointedness of the Council's approach to debt recovery and the this links to our findings for the Sundry Debtor audit; steps are being taken to address this and we will report on status in our annual report.

We continue to provide support to the ongoing Payroll / Human Resources Self Service; live operation of the system has identified some errors that are being resolved.

Risk management still requires linking between strategic and operational levels of the organisation.

Tor Bay Harbour income processes in relation to a number of specific operational areas require improvement in order to maximise potential income.

Other than the areas detailed above, no significant concerns have been identified from the majority of our work including that on grants and management have responded positively to any recommendations for improvement.

### Key Risks / Issues

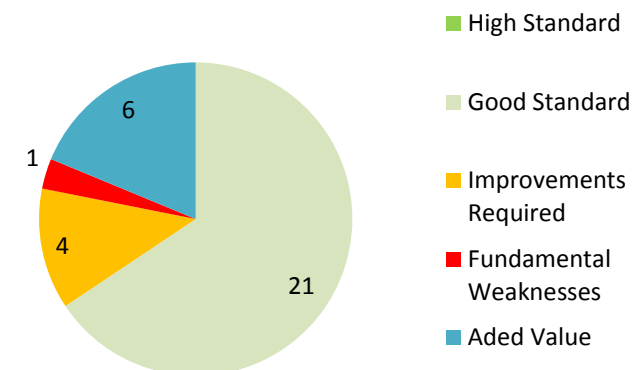
Actual realisation of the intended benefits of Self Service as outlined in the original business case.

The lack of a cohesive approach to debt recovery across the Council represents a risk to the Council's income.

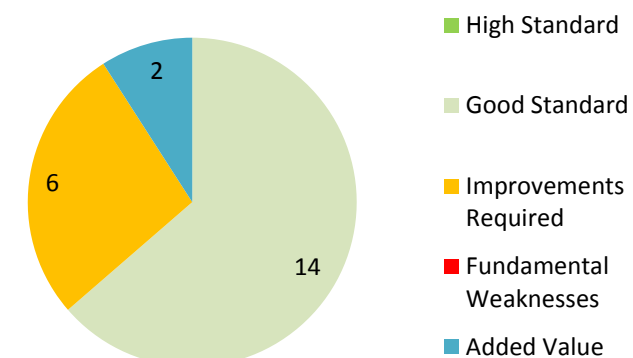
Lack of an integrated risk management methodology covering both strategic and operational risks.

The Transformation Programme may present risks in relation to resourcing associated projects whilst maintaining 'business as usual' and statutory services. Management are aware of the risks and the need to engage staff and stakeholders with the changes.

### Assurance Opinions 2015/16



### Assurance Opinions Apr - Sept 2016/17



## Community and Customer Services

In our opinion, and based upon our audit work completed during 2016/17, 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 and reported to management where progress against action plans has been limited.

Material system controls relevant to Community and Customer Services have either been maintained or improvements are being made to address previous identified weaknesses. The wider audit work in the Corporate Debt reported last year identified the disjointedness of the Council's approach to debt recovery; steps are being taken to address this and we will report on status in our annual report.

Opportunities exist for improvements in the control and governance framework for the Museum Services, Sports Pitches management, Velopark operation and Concessionary Fares reimbursement levels.

ICT projects are reasonably well managed although balancing project requirements and business as usual will present challenges, in particular resourcing ICT within the Transformation Programme.

ICT Change Control arrangements require formalising and recording. Integration of the approach to ICT Continuity & Disaster Recovery, Risk Management and Business Continuity Planning remains ongoing along with the formulation of an ICT Strategy, however this is dependent on organisational factors.

No other significant concerns have been identified from our work and management have responded positively to any recommendations for improvement.

### Key Risks / Issues

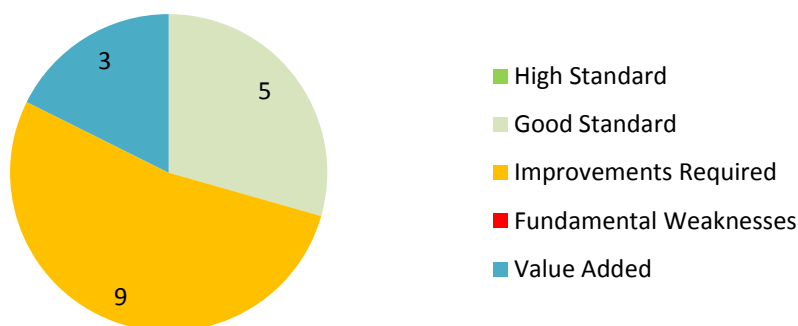
The changes within the CCTV and security provision to the Council present numerous risks which are being considered in current decision making.

The lack of a cohesive approach to debt recovery across the Council represents a risk to the Council's income.

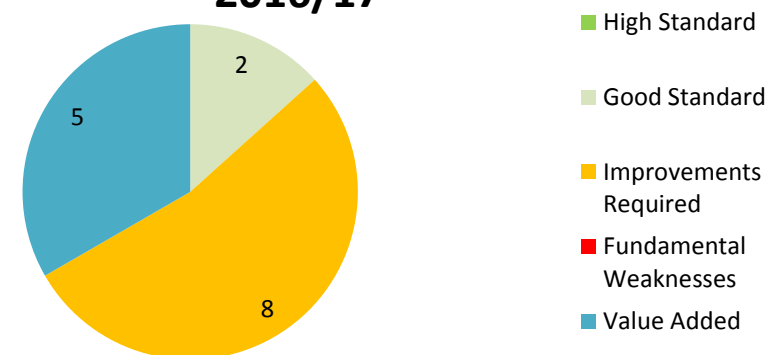
A formal ICT Strategy requires formulation to demonstrate linkage to the Corporate Objectives and Transformation Programme and compliance with Government regulations, although strategy components are being delivered.

The number of reported data breach incidents and cyber-attacks which are generally attributed to human error, which is not fully eliminated by the control framework and training provision.

### Assurance Opinions 2015/16



### Assurance Opinions Apr - Sept 2016/17



## Children's Services and Schools

We can comment that based upon our audit work completed to date and based on earlier years' work that the 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 audit work upon Fostering still remains in draft format; this will be expedited as soon as practical. Work is near completion with regard Contracts, Commissioning, Procurement and the draft report will be issued once the necessary work review has been completed.

No concerns have been identified from our work upon Troubled Families Phase 2.

The overall assurance from schools audit is of good standard. Based on the schools visited, the majority areas have been effectively managed, with only one of the schools (Sherwell Valley Primary School) causing concern in that one area was given an opinion of 'improvements required'. Comprehensive recommendations were provided during the audit to improve controls in the income collection and banking processes. Generally there continues to be an improvement in these areas with few recommendations being made.

No significant concerns have been identified from our work including that on grants and management have responded positively to any recommendations for improvement.

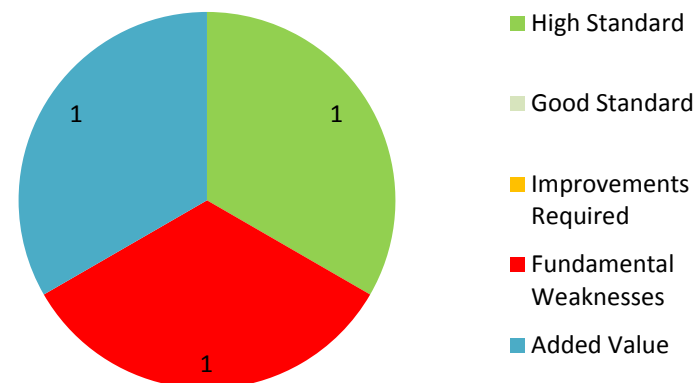
## Key Risks / Issues

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, performance monitoring and the formalisation of plans and strategy linked to changed practice and budget.

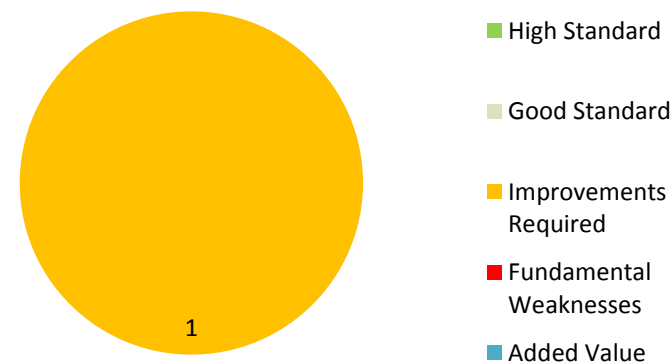
The Safeguarding Improvement Programme is an identified risk within the Performance & Risk Report presented to SLT. Ofsted and the DfE appointed Commissioner have reported on progress and a revised improvement plan has been developed to provide a greater degree of focus on completion of improvement tasks underpinned by a revised performance management framework to detect impact.

A recent report by the new Director of Children's Services highlights that achievement of the Children's Services Financial Plan remains a significant risk.

### Assurance Opinions 2015/16



### Assurance Opinions Apr - Sept 2016/17



## Schools

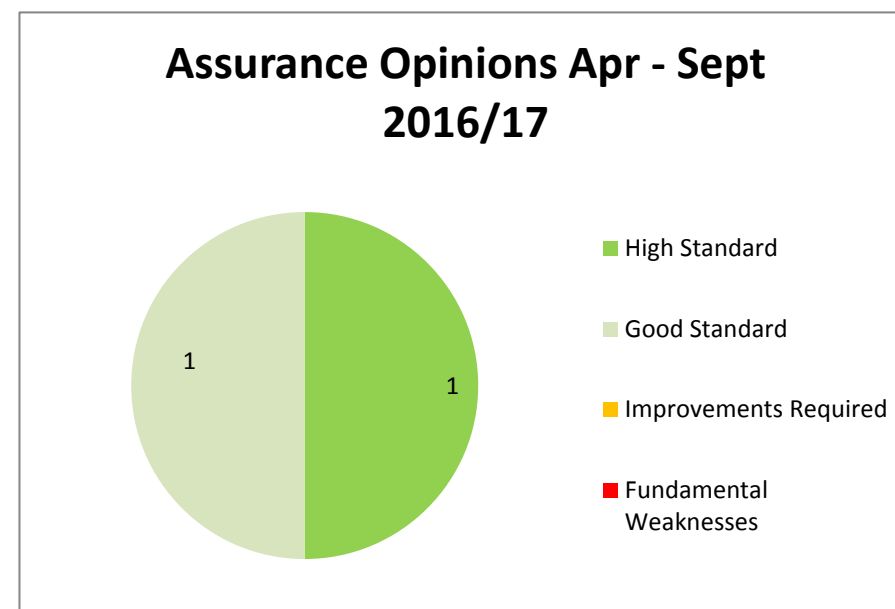
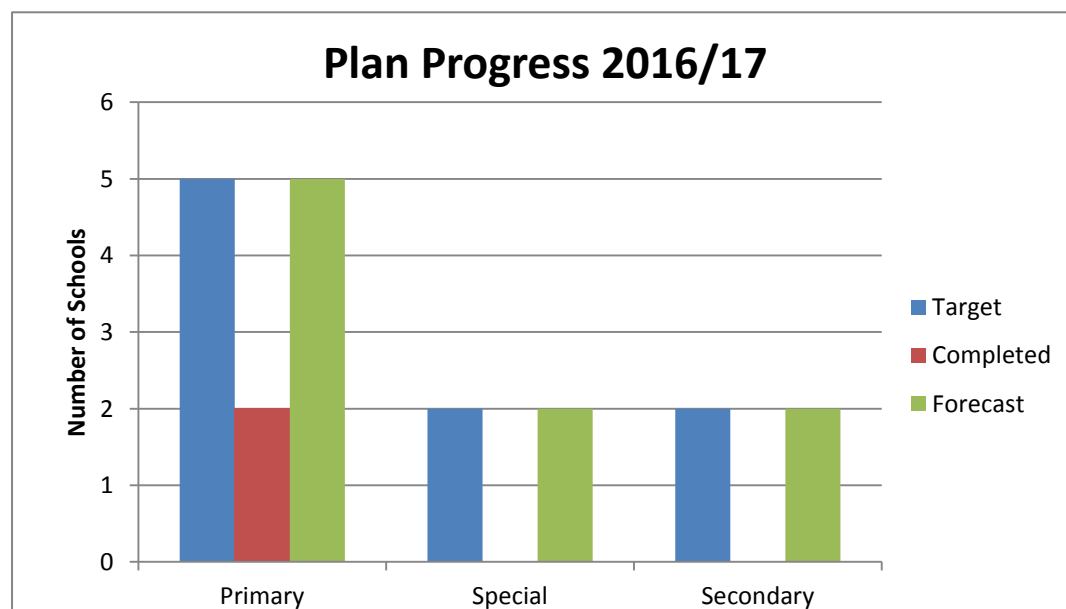
Progress is being made against plan and the chart shows that we forecast completion of the plan by year end subject to further schools converting to academies. Visit arrangements continue to be made with the schools to complete the plan by 31st March 2017.

**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

- Governing Body and School Staff - Concerns still remain on the publication of governance information on school websites in a readily accessible format.
- Setting the budget - Schools are expected to link their development plans to the budget to confirm the affordability of school improvement. We are continuing to make recommendations in this area.
- Our recommendations on protecting public money are still focused on the absence of specific business continuity plans / incorporating more business continuity into existing emergency plans and management of assets with reference to inventory records.

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



## Adult Services

We are unable to provide an overall opinion at this time due to the limited work undertaken within this directorate area. We can, however, comment that in terms of our audit work completed during 2016/17 and where recommendations have been made, action plans have been agreed with management.

The Adult Services Directorate incorporates both the Joint Commissioning Team functions and those functions provided and audited by the NHS Trust Provider. Assurance over arrangements for adult social care is mainly provided by colleagues at Audit South West, the internal audit provider for Health services. Audit South West provides a separate letter of assurance to the Director of Adult Services and the Council's S151 Officer. Devon Audit Partnership provides support and internal audit input on key areas as agreed with the Director of Adult Services.

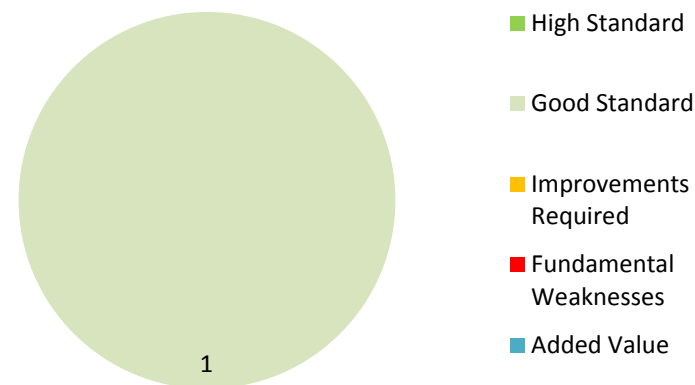
Our Adult Services audit work remains ongoing with a further two reviews to complete in the second half of the year. During this time we will also work with management to prepare an audit plan for 2017/18 that addresses new and emerging risks.

## Key Risks / Issues

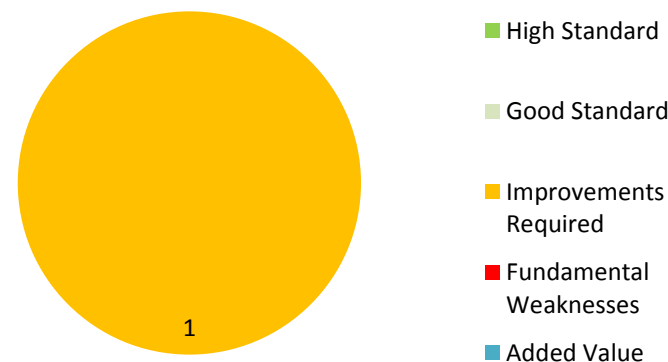
Risks inevitably exist in the delivery of a service area such as Adult Services, as a result of the vulnerability of the clients and where delivery of the service is commissioned to other service providers.

Only this month the Care Quality Commission (CQC) has published an inspection report upon a major domiciliary care provider in South Devon rating them as 'inadequate'.

### Assurance Opinions 2015/16



### Assurance Opinions Apr - Sept 2016/17



## 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.

Devon Audit Partnership (DAP) have taken on a liaison role with the recently appointed corporate fraud officer; the key outcomes of this role are the identification and investigation of external frauds.

The Cabinet Office now run the national data matching exercise (National Fraud Initiative – NFI) every two years. The majority of data matching for this involves the investigation of potential external fraud committed against the Authority, i.e. individuals or bodies external to the Council. This area of NFI has now been taken on by the corporate fraud officer, with advice from DAP as required.

Matching Reports for the following data sets are relevant to the Council;

- Payroll
- Creditors
- Insurance
- Residents Parking Permits
- Council Tax Single Person Discounts, and Rising 18's
- Housing Benefits and Council Tax Reduction Scheme
- Housing Waiting Lists
- Concessionary Travel Passes
- Market Traders, Personal Alcohol Licences, Taxi Drivers
- Blue Badge Permits
- Personal Budgets
- Private Residential Care Homes

Linked to the CIPFA requirements, DAP once again completed the CIPFA Fraud and Corruption Tracker (CFaCT), as part of the annual 'Protecting the Public Purse', Fraud and Corruption survey, which feeds into a national overview of fraud within public bodies.

DAP has continued to undertake an annual monitoring of staff internet use and to date found no significant concerns. This provides assurance that action has been effective and such use remains within policy. Periodic fraud bulletins are also produced and published on DAP's website.

Irregularities - During 16/17, Internal Audit have carried out, or assisted in eleven new irregularity investigations across the Council's Directorates. Analysis of the types of investigation and the number undertaken shows the following:-

Issue	Number
Employee Conduct	4
Poor Procedures	4
IT Misuse	1
Financial Irregularity	1
Tenders and Contracts	1

Employee conduct included assistance with HR investigations of bullying and timesheet falsification, as well as two whistleblower concerns.

Poor procedures included investigation of contracting procedures, employee exit packages, and commissioning arrangements.

Other areas reviewed involved, internet usage, alleged abuse of public office, and assistance with a Council Monitoring Officer investigation.

## Customer Value

### Performance Indicators - Resources

Overall, performance against the indicators has been very good (see appendix 2). We have improved timeliness of draft issue and final reports were issued to the customer within the agreed timeframes (15 working days for draft report and 10 working days for final report). We are working on LEAN approaches which we hope will further improve report efficiency and timeliness.

### Customer Service Excellence (CSE)

DAP maintains accreditation by G4S Assessment Services of the CSE standard during the year.

During the period we issued client survey forms with our final reports. The results of the surveys returned are, although low in number, very good and again are very positive. The overall result is very pleasing, with over 97% 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.

### 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 ensured that we received plenty of positive feedback where appropriate as well as suggestions for improving systems".*

*"The audit was delivered with complete professionalism backed by a high level of subject knowledge and an evident passion and commitment to improving our information governance resilience. Very much a partnership effort and the auditors understanding of our agenda and the key areas for improvement that will elicit maximum added value was very welcome and constructive at all times."*

### Added Value

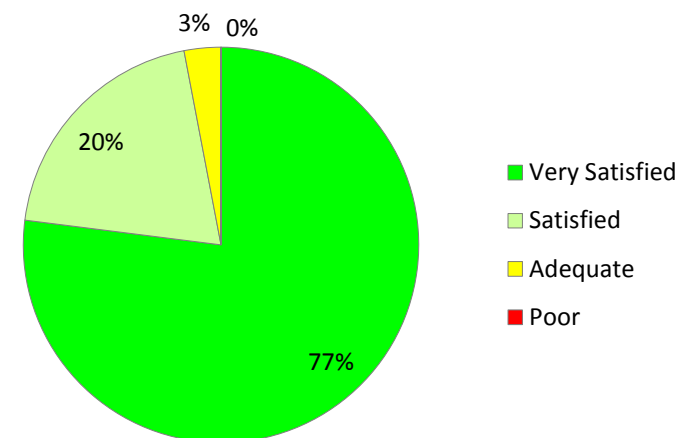
We aim to provide a cost effective, efficient and professional internal audit service that takes the opportunity to add value whenever possible. Some of the specific examples of where our team have been able to add value to the Council in the first six months of 2016/17 include:-

*"On governance and risk management "I always find DAP staff most engaging and helpful, in particular as a sounding board for ad-hoc issues. The audit was able to add value by providing both challenges and also suggestions".*

*"On creditors "to receive input and advice on control methods & areas of potential risk when looking to introduce change"*

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

### Analysis of Customer Survey Results 2016/17





## Appendix 1 - Summary of audit reports and findings for 2016/17





### 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.

### CORPORATE AND BUSINESS SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Material Systems (excludes those material systems that are the direct responsibility of Community and Customer Services)					
Creditors	ANA - High	Final	Improvements Required	Assurance was reported in last year’s annual report; please refer to that report for details.	
Treasury Management	ANA - Low	Final	Good Standard	Assurance was reported in last year’s annual report; please refer to that report for details.	
Payroll	ANA - Critical	Final	Good Standard	This year's assurance opinion remains as 'Good Standard'; however, we note that action to address a number of prior year issues is ongoing.	
Income Collection	ANA - Medium	Final	Improvements Required	<p>The Income Collection team continues to maintain effective procedures and systems for receiving, recording, allocating and processing income, albeit that these are heavily reliant on manual paper based processes.</p> <p>There has been minimal progress made against previous recommendations and as such this year has seen a significant level of actions re-reported. However, we understand that this is primarily due to the transfer of Income Collection responsibility to Finance and as such associated recommendations will also require re-assigning to appropriate Service Heads and relevant staff.</p> <p>The key control weaknesses identified relate to the hosted Web Pay system access controls; and the lack of segregation within the</p>	




## CORPORATE AND BUSINESS SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				teams due to a restructuring of the teams for operational needs that has brought the Income Collection team into Finance and specifically part of the FIMS System Admin team.	
FIMS System Administration	ANA – High	Final	Good Standard	With the exception of the lack of segregation of duty, we have no significant concerns in relation to the operation of controls within the system administration of the FIMS system. We note that the 2017 upgrade will resolve the outstanding issue in relation to complexity of passwords in the system.	
Debtors	ANA – Medium	Final	Improvements Required	The Debtor system is managed effectively, and supported by comprehensive procedures and training manuals. Whilst the overall debt management framework is reasonably robust, a number of issues remain which weaken the associated controls. Progress in implementing the recommendations made previously has been slow; although management accept the risk of some control weaknesses for operational reasons. Greater emphasis is required on debt recovery performance monitoring and reporting outcomes at senior management / member level continues to be reported. This expectation links to the findings and recommendations made in the wider Corporate Debt audit report and the need to address the aged sundry debtor debt along with improved engagement and subsequent responsibility at departmental level. This position has affected the audit opinion.	
Capital Programme	ANA – Medium	Draft	Good Standard	The capital programme in place is robust, and there are generally adequate procedures in place for approving projects. Capital expenditure is, in the main, effectively monitored throughout the year, and we have made only a small number of recommendations in this regard. Related funding is appropriately monitored with changes being identified, recorded and reported in a timely fashion. Although there is an appropriate project management methodology	 *



## CORPORATE AND BUSINESS SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				in place, sample testing found that not all projects were being monitored in line with expectations.	
Payroll System – New modules implementation project	Client Request	Ongoing	Added Value	Support and advice was provided throughout stage one of the project which has now been successfully implemented. A QA support role continues to be provided for stage 2 of the project as required by the project team and board.	N/A
The following audits are currently in progress: <ul style="list-style-type: none"><li>Asset Register (ANA – Medium)</li><li>Payroll System – New modules implementation project ‘critical friend’ role (Client Request)</li></ul>				It is anticipated that the reports will be issued and agreed in the third quarter of 2016/17. No issues of major concern have been identified from our fieldwork to date.	
The following audits are not due to commence until the second half of the year: <ul style="list-style-type: none"><li>MAS (ANA – Medium)</li><li>Creditors &amp; POP (ANA – High)</li><li>Debtors &amp; Corporate Debt (ANA – Medium)</li><li>Bank Reconciliation (ANA – Medium)</li></ul>				<ul style="list-style-type: none"><li>Treasury Management (ANA – Low)</li><li>Payroll (ANA – Critical)</li><li>Income Collection (ANA – Medium)</li></ul>	
Grants					
Social Care	Client Request	Completed	Certified	Non-standard declaration made	N/A
Rogue Landlords	Client Request	Completed	Certified	Non-standard declaration made due to a change in terms and conditions.	N/A
Local Transport Capital Block Funding	Client Request	Completed	Certified	No issues identified	N/A
Troubled Families (first claim)	Client Request	Completed	Certified	No issued identified	N/A


## CORPORATE AND BUSINESS SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
The following audits are not due to commence until the second half of the year: <ul style="list-style-type: none"><li>Local Growth Fund</li><li>Troubled Families (second claim)</li></ul>					
Other					
TDA - VAT returns	ANA – Low	Final	Good Standard	The process for completing the quarterly VAT Returns is generally robust, and sample testing of two quarters claims for 2015/16 found good controls in place and returns balanced to financial data. Recommendations have been made to improve management review and authorisation processes, review the application of VAT classifications, and other minor process controls.	
TDA – ISO Structure	ANA – Low	Final	Good Standard	Those areas of the Quality Management System (QMS) reviewed were found to be well maintained overall and effectively contributing to the organisations ability to comply with the Standard.  Some non-conformance/opportunities for improvement were however identified and recommendations made in order to improve what is already considered to be good QMS.	
Tor Bay Harbour Authority – Income	ANA – Medium	Final	Improvements Required	Opportunities exist to improve the arrangements for income billing, collection and recovery and the associated record management expectations.  Recovery practices and monitoring arrangements are employed; however further steps are now required to address the older debt.  The arrangement with the Brixham Trawler Agency (BTA) for fish toll does not provide a formal robust structure within which both the Torbay Harbour Authority and BTA can operate effectively. Further, direct fish landing is not adequately controlled. As such, fish toll from both sources may not be complete and accurate.	

## CORPORATE AND BUSINESS SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				Income may not be being maximised in relation to rental and leasing on Tor Bay Harbour estate property because agreements are not being reviewed to ensure they remain appropriate. Income improvement opportunities are also evident in relation to utility recharging to reduce the cost borne by the Tor Bay Harbour Authority	
Elections	ANA – Medium	Draft	Good Standard	<p>Electoral Services maintain a comprehensive and robust set of procedures ensuring that electoral registration and elections are managed in accordance with Electoral Commission requirements.</p> <p>Budget reductions may affect the quality of service provided to electors, candidates and the Council's Returning Officer.</p> <p>Expenditure on goods and services is generally well managed, but it is recommended that in-house provision of printing services are formalised and reviewed for best value.</p>	
Risk Management and Risk Recording	ANA - High	Draft	Added Value	<p>The Performance and Risk Management Framework was reviewed as part of the Corporate LGA Peer Challenge and an associated recommendation made within the action plan. The Internal Audit review of the Framework has identified areas which would strengthen the existing Risk Management processes and supports the LGA action in greater integration of the framework throughout the organisation.</p> <p>The Framework itself, as a methodology, appears to be effective and well structured, and it is pleasing to note the integration with Performance Monitoring. The current practice focuses on the strategic side of Risk Management along with the monitoring of associated performance measures.</p> <p>Current risk registers do not make the link between the strategic risks and service / operational risk. Strategic and Operational level should be fully understood so as to aid decision making and to help ensure that limited resources are effectively targeted.</p>	

## CORPORATE AND BUSINESS SERVICES



Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				<p>It is almost impossible to encapsulate risk profiles and appetites for the whole Council due to the diversity of services, so it may be that risk management arrangements could be further strengthened through adapting the Risk Management Framework locally at Directorate/Service level.</p> <p>The two key barriers to Risk Management integration in our opinion are cultural and resource focussed. The cultural issue is the way in which Risk Management is perceived within the organisation. It is often seen as a function that is undertaken by a Risk Management Team / Officer, rather than it being a wider organisational responsibility. This compounds the issue of establishing the framework at both Strategic and Operational level. Secondly, the continued reduction in Central Government settlement is clearly impacting available resource within the organisation and functions such as Risk Management and Performance Monitoring are seen as secondary in terms of priorities.</p>	
Beach Services	ANA - High	Draft	Good Standard	<p>Water quality standards are being met and adequate steps are planned to address known causes of contamination at one beach; greater involvement in monitoring beach cleaning by the contractor and mini resort licensees would further reduce the risk of pollution at all sites.</p> <p>Monitoring of compliance with license conditions for the mini resorts is not sufficient.</p> <p>Arrangements are in place to protect beaches assets including those temporarily transferred to mini resorts.</p> <p>Charges for services are determined appropriately, although a new service charge requires formalising. Arrangements are established for the reconciliation and collection of income from sites, although we note that management have accepted the risk in relation to cashing up with only one attendant present.</p>	

## CORPORATE AND BUSINESS SERVICES



Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			
		Status	Assurance Opinion	Executive Summary	Assurance Progress RAG Score
The following audits are currently in progress: <ul style="list-style-type: none"><li>Transformation Programme - project 'critical friend' role (ANA – Critical)</li><li>Fair Decision Making Process – project 'critical friend' role (ANA – High)</li><li>Ethics and Culture – project 'critical friend' role (ANA – Medium)</li><li>Port Marine Safety Code (Client Request)</li></ul>			It is anticipated that the reports will be issued and agreed in the third quarter of 2016/17 or as project timescales require. No issues of major concern have been identified from our fieldwork to date.		
The following audits are not due to commence until the second half of the year: <ul style="list-style-type: none"><li>Asset Management Strategy / Plan (ANA – High)</li><li>Performance Framework, Consultation and Business Development (ANA – Medium)</li></ul>			<ul style="list-style-type: none"><li>Commissioning and Performance Monitoring by the Council of the Torbay Development Agency (TDA) (ANA – High)</li><li>Procurement and Contracting Arrangements (ANA – High)</li></ul>		
The following audits has been deferred or cancelled at the request of the client:			<ul style="list-style-type: none"><li>Accessibility of budget documentation (Client Request)</li><li>Coroner Service (ANA – Low)</li></ul>		





## COMMUNITY AND CUSTOMER SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Community and Customer Services					
Velopark	ANA – Low	Final	Improvements Required	<p>The Velopark is reasonably well managed and operated, with initial income figures exceeding expected levels. An initial business plan supported by a risk analysis and procedural framework was developed at inception. However, the business plan and objectives related to the proposed development of both a Velodrome and the Velopark. Due to arising issues, the decision was made to only proceed with the Velopark and therefore the plan and supporting framework now requires update and review to ensure that current objectives are clearly defined and the delivery of the service is designed around the achievement of these.</p> <p>The security in place is reasonably sound, with lockable racks and CCTV provision; however there are some concerns raised by staff regarding working practices and these need addressing to ensure that staff feel safe in performing their roles.</p> <p>Generally equipment is well maintained, and track inspections are undertaken to minimise risk to the users. Some formalisation of additional supporting policies such a track closure policy, would enhance the existing policy and guidance framework. Risk assessments were undertaken when the facility opened and these will require regular review and update.</p>	
Sports Pitches	ANA – Medium	Final	Improvements Required	<p>The audit review of sports pitch leases identified an inconsistency to rents being charged, rent reviews, lease lengths, monitoring arrangements, and other related contract issues. Income generated did not meet budget expectations, albeit without the benefit of the current Corporate Asset Management Plan (CAMP).</p> <p>Since the conclusion of this audit, we understand that progress has been made through identifying an asset management lead role who has intervened in many of the sports pitch leases reviewed during the audit and clarified instruction arrangements with the TDA; as such, the issues and associated risks identified are now better mitigated. In</p>	

## COMMUNITY AND CUSTOMER SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				addition, a review of the CAMP is currently underway to ensure that it meets the intentions of the Corporate Plan. This direction of travel is reflected in our assurance opinion, and we will follow up the position in the summer and provide an update to Audit Committee then.	
Public Toilets project – ‘critical friend’ role	ANA – Medium	Complete	Value Added	Audit were requested to assist in both the review of the cost of public toilets provision provided by TOR2, and of the Options Proposals paper for Transformation Board. Summary contract cost data was provided by TOR2 from which to base potential savings. Audit provided the project lead with an objective analysis of the options to be presented to Transformation Board.	N/A
Museum Services	ANA – Low	Final	Improvements Required	Comprehensive paper inventory records of the Torre Abbey collection are gradually being replaced by the electronic MODES system; however the delayed completion of this process could adversely affect the accuracy of the resulting electronic record. Despite the arrangements and practices in place and improvements since the last audit, the risks of loss of assets and loss of income remain.	
Concessionary Fares	ANA – High	Draft	Improvements Required	Loss of a key officer has impacted on the Council’s ability to manage annual reimbursement rates with bus operators. Additionally, the accuracy and currency of existing reimbursement rates has been questioned. Recommendation has been made for consultancy input.  Payments made to operators is effectively managed, however we consider that too much reliance is placed on bus operators accuracy and honesty. Reports are available to substantiate the claims data but not always provided or used effectively. Recommendations have been made to incorporate these due diligence checks.  Checking eligibility of concessionary pass applicants is undertaken robustly, though disabled applications may be open to abuse.	

## COMMUNITY AND CUSTOMER SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Discretionary Social Fund (Crisis Support)	ANA – High	Draft	Improvements Required	<p>Whilst it was pleasing to note that the majority of previous report recommendations have been actioned, there remain a number of areas outstanding.</p> <p>In addition, we have recommended that the monitoring of Plough and Share's administration of the loan scheme is recorded and monitoring outcomes reported to ensure that loan recovery rates are maximised and to hence minimise the financial risk to the Council.</p>	
Information Security Group	Value Added	Ongoing	Value Added	Support continues to be provided in the form of attendance and active participation in the Information Security Group. This includes the review and update of the Information Security Policy Framework, work on emerging and supporting policies such as the End User Computing policy and PCI compliance, which has recently been adopted.	N/A
<p>The following audits are currently in progress:</p> <ul style="list-style-type: none"> <li>Risk Based Verification Implementation (ANA – Client Request)</li> <li>Waste &amp; Cleaning – EFW Partnership payments and contract management, TOR2 commissioning (ANA – Critical)</li> <li>Housing Options (ANA – Medium)</li> </ul> <p>It is anticipated that the reports will be issued and agreed in the third quarter of 2016/17. No issues of major concern have been identified from our fieldwork to date.</p>					
<p>The following audits are not due to commence until the second half of 2016-17:</p> <ul style="list-style-type: none"> <li>Emergency Planning and Business Continuity (ANA – High)</li> <li>Safer Communities – community safety partnership / domestic abuse (ANA – Medium)</li> </ul>					
<b>IT Audit</b>					
Change Management	ANA – High	Final	Improvements Required	Effective ICT change control is critical in minimising the risk of interruptions to the IT infrastructure and associated data corruption and loss. Whilst the Council operates some ICT change management processes, these are not consistent and do not provide a robust framework by which risks are minimised or mitigated. There are some areas of good practice which do provide a good level of control in those areas.	

## COMMUNITY AND CUSTOMER SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Harbour Mooring Replacement System	ANA - Medium	Final	Value Added	We have provided advice on both the system and project controls. An advice note to support progression of the project to completion has been issued, and further support and advice continues to be made available to the project team where required.	N/A
Channel Shift	ANA – High	Final	Value Added	Project support and QA role provided and subsequent advice note provided to the client to support project progression and implementation. Channel Shift remains an ongoing process and further advice and support is available where required.	N/A
Service Strategy	ANA - High	Final	Value Added	We have provided advice to support the strategy review prior to auditing the ICT strategy formulation.	N/A

The following audits are currently in progress:

- Partnership Working (ICT systems) TOR2 (ANA – High)
- Library Services (new system implementation) (ANA – Medium)
- Cyber Essentials (Client Request)

It is anticipated that the reports will be issued and agreed in the third of 2016/17. No issues of major concern have been identified from our fieldwork to date.

The following audits are not due to commence until the second half of 2016/17:





- Service Design (ANA – Critical)
- PCI Compliance (ANA – High)
- ICT Continuity and Disaster Recovery - project 'critical friend' role (ANA – Critical)

- Corporate Information Management (ANA – Critical)

The following audits have either been cancelled by the client or deferred until 2017-18:

- Service Strategy (ANA – Critical)
- Infrastructure Management (ANA – Critical)

## COMMUNITY AND CUSTOMER SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Material Systems (within Community and Customer Services)					
Corporate Debt	ANA – Medium	Final	Improvements Required	Assurance was reported in last year’s report; please refer to that report for details.	
Benefits	ANA – Medium	Final	Good Standard	<p>This year’s walkthrough has identified few concerns in terms of the overall control environment, processing claims or transferring related payments; with the design of the system being sufficiently robust to prevent inaccurate or inappropriate awards from being made.</p> <p>Our recommendations mainly centre on the assessment and processing of self-employed earnings, where there continue to be issues.</p>	
IBS Open System Administration	ANA - High	Final	Good Standard	<p>IBS System management and the related control environment are being effectively maintained, and our work this year only identified one new area of concern; this relates to the access control of a generic user account / group. However, there remain a number of outstanding recommendations from the previous audits that now require action..</p> <p>The acknowledged lack of segregation of duty remains, as do various issues in relation to the system that cannot be resolved without additional cost to the organisation; hence the associated risks continue to be accepted by management.</p>	
Council Tax & NDR	ANA – Medium	Final	Improvements Required	<p>The team have continued to maintain accuracy and control over property data with amendments to billing adequately supported.</p> <p>There has been a lack of progress in implementing the recommendations made previously, hence the significant number of issues that have been re-reported, including the lack of regular review of discounts and exemptions to accounts and untimely changes to property valuation data, both resulting in a risk of unnecessary loss of income.</p> <p>Existing performance targets are insufficient to adequately monitor the work of the team, and generally performance targets are not being</p>	

## COMMUNITY AND CUSTOMER SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				met. We acknowledge that there have been structural and management changes in year that may have impacted capacity to progress change.	

The following audits are currently in progress:


- Highways, Street Scene, Lighting and Transport Infrastructure – UK PMS System (ANA – High)

It is anticipated that the reports will be issued & agreed in the third quarter of 2016/17. No issues of major concern have been identified from our fieldwork to date.

The following audits are not due to commence until the second half of 2016/17:

- Benefits (ANA – Medium)
- Council Tax & NDR (ANA – Medium)
- Debtors & Corporate Debt (ANA – Medium)

## Children's Services

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Fostering	ANA - High	Draft	Improvements Required	<p>Torbay changed from a tiered payment system for in-house foster carers to a fixed payment of £400 in October 2013.</p> <p>Whilst a number of foster carers have transferred from Independent Sector Providers (14 at the time of the audit), it appears that these have not been enough to achieve the potential savings that were indicated as part of the Children's Service Five Year Cost Reduction Plan. A review of the payments made by Torbay to Independent Sector Providers used by Torbay has showed that the average payment made was over £700 and of the 64 Independent Sector Placements 40 (62%) were paid over £800. Torbay currently pay independent sector providers between £550 / week to £1,242 / week. In order to get costs lower and to achieve the savings identified in the Children's Services Five Year Cost Reduction Plan, Torbay need to target the higher cost Independent Sector Providers and consider what level of payment is needed to achieve further savings.</p>	

The following audits are currently in progress:

- Contracts, Commissioning, Procurement including CSW (ANA – High)
- Business Systems and Processes and Resourcing (ANA – High)

It is anticipated that the reports will be issued & agreed in the third quarter of 2016/17. No issues of major concern have been identified from our fieldwork to date.

A meeting has been held to scope the aims and objectives of the Special Educational Needs & Disability (SEND) - Ofsted Framework audit. Whilst work on this review was originally scheduled for Quarter 3 the client has now requested a commencement date of early January 2017. A meeting to scope the audit of Care Leavers - Transition Plans has been held and a request has been made for a scoping meeting upon PARIS - Case Recording / Data Quality / Business Use.

The following audits are scheduled for the second half of the year:

- |  |   |
|--|---|
| - PARIS - Case Recording / Data Quality / Business Use                                 | - Safeguarding Unit and Board           |
| - Proposed transfer of Children's Services into the Integrated Care Organisation (ICO) | - Looked After Children - Referrals     |
|  | - Care Leavers - Transition Plans       |
|  | - 5 Year Savings Plan / Budget Strategy |





## Children's Services

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

### Grants


Troubled Families (Sept 2016 claim)	Client Request	Completed	Certified	No issued identified.	N/A
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### Maintained Schools

Schools Financial Value Standards (SFVS)	ANA – Low Mandatory for LA / Schools	Final	Good Standard	SFVS Dedicated Schools Grant Chief Finance Office assurance statement for 2015/16 submitted to the Department for Education.	
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.	

### Maintained Schools Summary Data

The key matters arising from the audits are:	Assurance Opinion
<ul style="list-style-type: none"> <li>Concerns still remain on the publication of governance information on school websites in a readily accessible format;</li> <li>Schools are expected to link their development plans to the budget to confirm the affordability of school improvement. We are continuing to make recommendations in this area;</li> <li>Absence of specific business continuity plans / incorporating more business continuity into existing emergency plans and management of assets with reference to inventory records.</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>	Good Standard

Adult Services					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
NRS Joint Equipment	Client Request	Draft	Improvements Required	<p>Torbay Council actively reviews the contract and its performance on a monthly basis. However different parameters and areas could be periodically reviewed to identify anomalies and issues requiring further examination.</p> <p>Audit undertook detailed examination of historic activity reports generated by NRS from iRIS4 which support the NRS monthly invoices sent to Torbay Council. Issues identified are as follows:-</p> <ul style="list-style-type: none"> <li>• Tests undertaken upon a sample of equipment requiring annual or 6-monthly Pre-Planned Maintenance (PPM) has shown NRS charged Torbay Council for PPM each time such equipment returned to the warehouse; whether or not the PPM is due. This has now been resolved through a contract variation.</li> <li>• Monthly reports detail equipment where PPM is overdue. Fifteen items were sampled from the overdue maintenance list; PPM was found to be late by between 75 - 340 days. The majority of this equipment had been with service users for over a year and had not been maintained on site. Equipment within the sample included ambulatory syringe pumps, bath-lifts, hoists, mattresses and beds.</li> <li>• The iRIS4 database is not fully maintained and updated. Deceased persons were found to be shown as 'Active'.</li> </ul>	

The following audits have not started; they are due to commence within the second half of the year:

- Better Care Fund / Section 256 monies
- Commissioning and Performance Management

## 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>2013/14</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2016/17</b>
	<b>Target</b>	<b>Actual</b>	<b>Target</b>	<b>Actual</b>	<b>Target</b>	<b>Actual</b>	<b>Target</b>	<b>Six Months Actual</b>
Percentage of Audit plan Commenced (Inc. Schools)	100%	100%	100%	100%	100%	100%	100%	63%
Percentage of Audit plan Completed (Inc. Schools)	93%	90.4%	93%	91.7%	93%	88%	93%	40%
Actual Audit Days as percentage of planned (Inc. Schools)	95%	105.9%	95%	99%	95%	95%	95%	54%
Percentage of fundamental / material systems reviewed annually	100%	100%	100%	100%	100%	100%	100%	On target
Percentage of chargeable time	65%	69.3%	65%	67.8%	65%	68%	65%	66.9%
Customer Satisfaction - % satisfied or very satisfied as per feedback forms	90%	98%	90%	99%	90%	99%	90%	96%
Draft Reports produced within target number of days (currently 15 days)	90%	83.2%	90%	77.7%	90%	76%	90%	78%
Final reports produced within target number of days (currently 10 days)	90%	88.6%	90%	96.6%	90%	97%	90%	100%
Average level of sickness absence (DAP as a whole)	2%	3%	2%	5.5%	2%	5.9%	2%	5.46%
Percentage of staff turnover (DAP as a whole)	5%	3%	5%	16.6%	5%	4%	5%	17%
Out-turn within budget	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

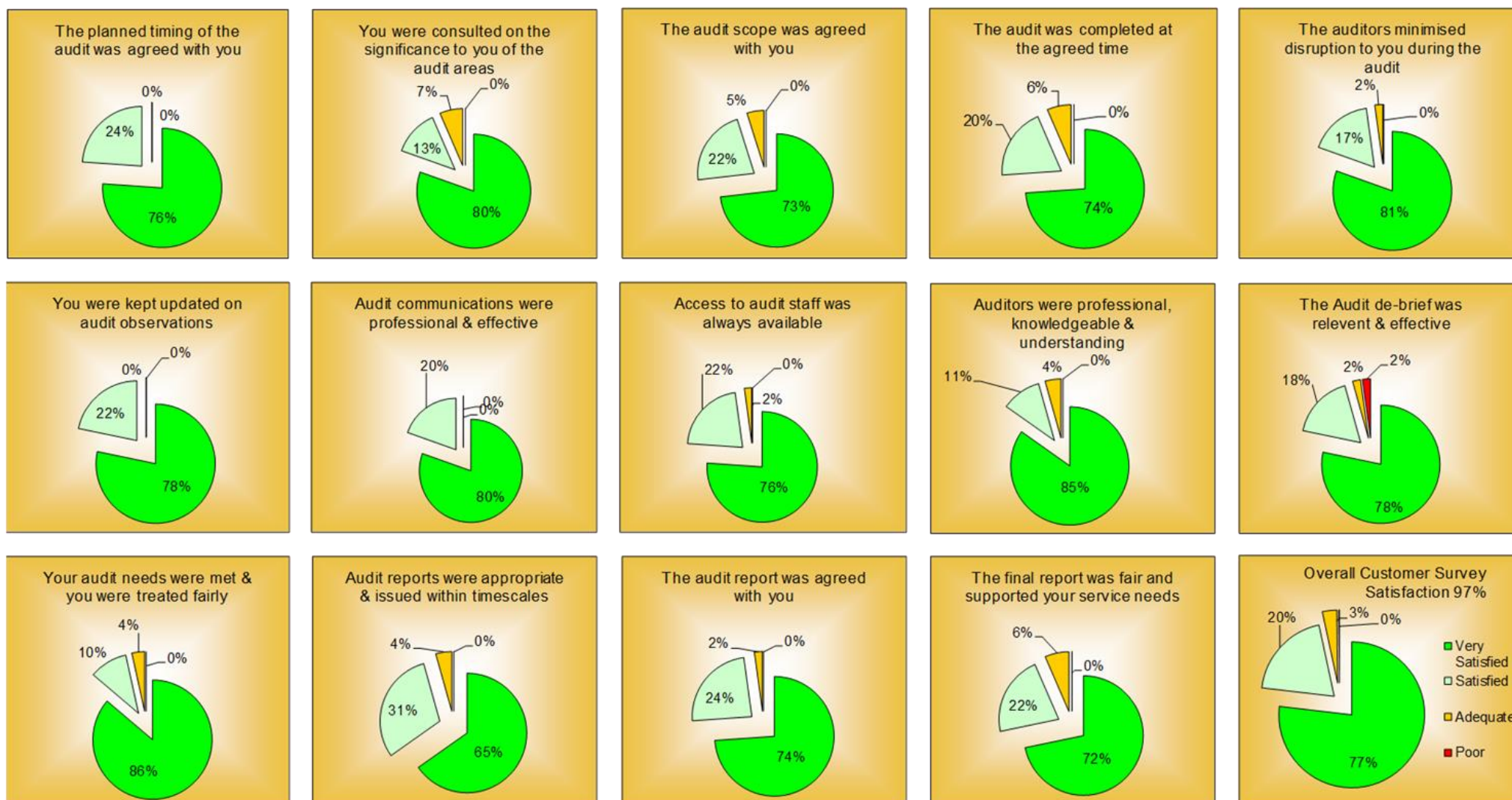
Note 1 - Sickness in the first part of 2016/17 has been high at 198 days or 5.64% of available time; equates to around 6.5 days per FTE. As always, we are working with staff to ensure that attendance at work is maximised; the assistance of HR support organisations such as Wellbeing @ work also assists us. We recently asked HR colleagues to provide detailed absence management training for managers and expect that this will ensure all episodes are dealt with consistently and in line with the DCC managing absence arrangements.

Note 2 – 3 people have left DAP; 1 x apprentice started; 1 x person on secondment to another role

## Appendix 3 - Customer Service Excellence

### Customer Survey Results April - October 2016

The charts below show a summary of 46 responses received.



## Appendix 4 – Definitions

### Definitions of Audit Assurance Opinion Levels

Assurance	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.
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.
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.
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.

### Confidentiality under the Government Security Classifications

Marking	Definition
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.
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.
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.