



devon**audit**partnership

Briefing note for new and prospective members of Devon Audit Partnership

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

- Section 5 of the Accounts and Audit Regulations (England) Regulations 2015 which states that “.....a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.....”
- Section 151 of the Local Government Act 1972, which requires every local authority to make arrangements for the proper administration of its financial affairs.

Devon Audit Partnership (DAP).

This is a shared service arrangement between Devon, Torbay and Plymouth constituted under section 20 of the Local Government Act 2000; DAP was founded in April 2009.

Devon County Council acts as “host” to the Partnership, and provides services such as payroll, insurance, HR and legal services

Governance Arrangements

Partnership Committee – 2 x members from Plymouth, Torbay and Devon, plus one “non-voting” member from Torridge. Terms of reference are:-

- Receive and consider reports from the Management Board, the Head of Internal Audit Partnership, External Audit and the Host Council
- Approving the annual accounts of the Partnership
- Approving the budget in respect of the Audit Partnership functions
- Approving the future appointment and dismissal or removal of the Head of Internal Audit Partnership.
- Approving changes to the Partnership Client base, trading agreements, charging policies and other necessary matters pertaining to the future operations of the Partnership
- Resolving any disputes that are still unresolved after reference to the Management Board

Partnership Board – S151 officer from Plymouth, Torbay and Devon, plus the S151 officer from Torridge (but as a non-voting representative), plus the Head of Partnership.

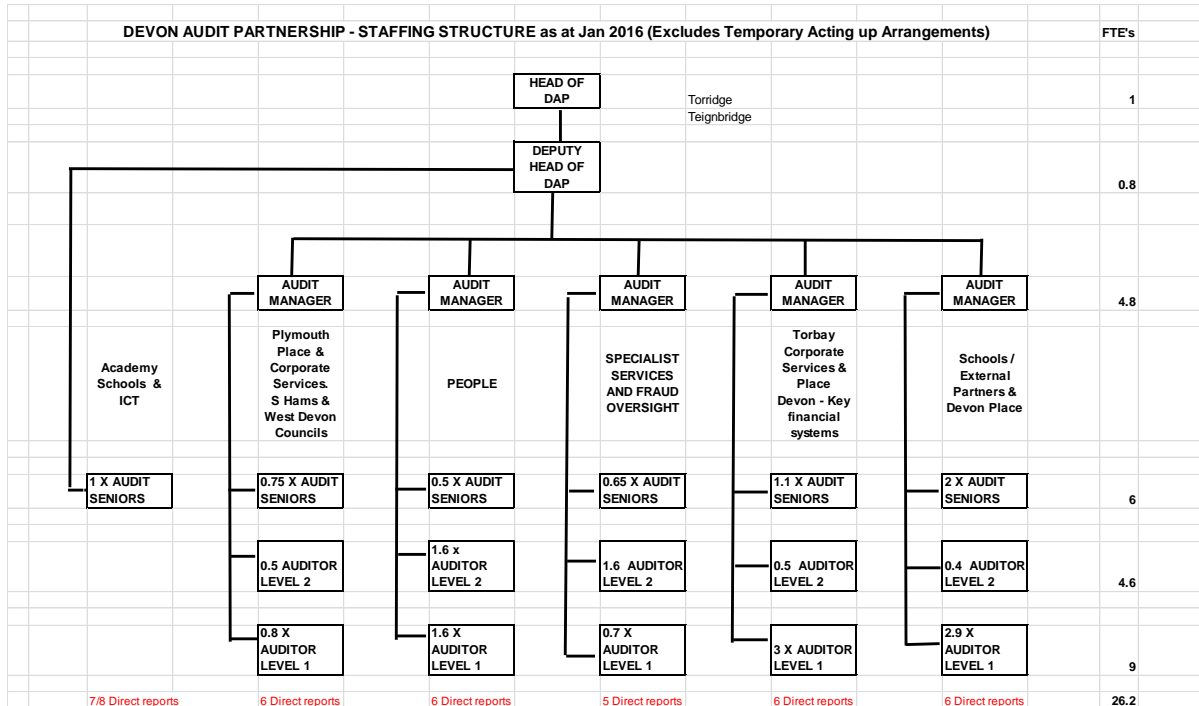
- Recommending the budget subject to the Partnership approval
- Approving all changes to budgets subject to the approval of the Partnership where appropriate
- Receiving and approving performance reports from the Head of Internal Audit Partnership
- The carrying out of any Performance Reviews
- Setting and reviewing the performance of the Partnership
- Resolving Disputes
- Accommodation responsibility



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Head of DAP = Robert Hutchins – delivers the objectives and targets set by the Board and Committee and manages the operation of the Partnership.

Team – 28 or so



Partners – Plymouth, Devon, Torbay and Torrige as a non-voting member.

Clients – many – include Police, Fire, Academy schools, maintained schools, Dartmoor and Exmoor National Parks, support South Hams, West Devon and Teignbridge councils, various EU projects for organisations such as University of Plymouth, Cornwall Council

Since creation the Partnership has:

- Brought together 3 teams into 1; introduced an electronic, partnership wide, audit management system; restructured and reduced managerial posts.
- Have substantially and successfully reduced costs to Partners - **£2.3m saving since 2009.**
- Have maintained input (days), improved quality (Customer Service Excellence) and maintained and developed professional standards (IIA accredited);
- Built on our client base, and now serve 19 organisations.
- Have had a healthy turnover of staff, but have been able to retain and recruit quality staff.



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Professional Standards

We work to professional guidelines which govern the scope, standards and conduct of Internal Audit as set down in the Public Sector Internal Audit Standards (the PSIAS). We have been externally assessed as “conforming” to these standards.

Improvement Programme – DAP maintains a rolling development plan of improvements to the service and customers. Our development plan is regularly updated and a status report was reported to the Management Board in October 2015.

Performance Indicators

We have a set of performance indicators that measure

- The percentage of plan commenced
- The percentage of plan completed
- The percentage of time spent by the team that is “chargeable” i.e. on audit duties
- The percentage of draft reports issued within our 15 day target
- The percentage of Final reports issued in our 10 day target
- Staff turnover
- Staff sickness
- Spend against agreed budget

Overall, performance against the indicators has been very good. We are aware that some of our draft and final reports were not issued to the customer within the agreed timeframes (15 working days for draft report and 10 working days for final report). We continue to review areas where performance in this area can be improved.

Customer Service Excellence

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

We issue client survey forms with our final reports. 99% replied as “satisfied” or better across our services.

Adding Value

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

‘It was useful to have the opportunity to discuss areas for development and have confirmation that standards are being met through the use of our new income management software’.

‘The auditor was very professional and balanced in their observations which made the process very useful - especially as a newly appointed manager’



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Fraud Prevention and Detection

Counter-fraud arrangements are a high priority for the Council.

We work to support the National Fraud Initiative (NFI), which matches data between organisations.

We carry out Proactive anti-fraud work and produce Fraud bulletins. We have identified losses that have since been recovered (£11,000 in one instance).

DAP also takes part in regional networking activities representing its partners (Devon, Plymouth and Torbay) e.g. West of England Chief Auditors Fraud Sub Group.

The Future

The Partners have agreed to an extension of the Partnership for a further 7 years from April 2017, with a review after 5 years.

The contract is currently being drawn up, with the aim being to have a “rolling” contract that enables the Partnership to enter into longer term contracts in an effective manner.

Joining and Leaving

The Partnership agreement allows for other organisations to join the Partnership in a relatively simple manner.

In order to ensure that the Partnership can plan effectively in the way it delivers services, our agreement requires Partners to provide 12 months’ notice if they wish to leave the Partnership.

Funding levels

The Partnership has successfully delivered considerable savings. As stated earlier the partners have saved £2.33m based on the former internal audit costs at each authority pre April 2009.

DAP day rate remains below the national average; the CIPFA 2014/15 average cost per audit day was £298; the cost of DAP was £259 per day.

It is important that internal audit remains “relevant” – the need to make financial savings in previous years is recognised and has been achieved; careful consideration will be required when setting future funding levels to ensure that the service is properly financed to continue to provide professional, effective, pro-active and value added services.

There will be pressure to reduce audit days, however this must be considered against sound risk management processes and the need to have effective and adequate independent assurance to meet Senior Management, s151 Officer and Audit Committee requirements.



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Making it better going forward.

The Partnership has worked well, the benefits of partnership working are clear and we are keen to add to our partner base. However, our location, in the Devon area does bring with it challenges to further expansion.

DAP have met with representatives from Audit West (AW), an audit and assurance partnership between North Somerset and Bath & North East Somerset (BANES) and hosted by BANES, and consider that there is benefit from working with AW in the form of a “strategic alliance”.

The Alliance will be focussed on growth of both partnerships by widening the areas of expertise of assurance based services. Initially the following areas have been identified as “early wins” –

- Information Governance (Information Security, Data Protection, FOI, Records Management)
- Business Continuity (Planning & Testing);
- Financial Assessments (Viability Checks and Procurement Exercises);
- Business Rates (Growth Opportunities and Data Integration);
- Grant Return (Certification & Audit).

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