



Summary of Internal Audit Reports Issued to Date

REPORT OF DAP Audit Partnership
To: Audit & Governance Committee
Subject: Audit Reports Issued to Date
Date: January 2022

PURPOSE OF REPORT: To provide a summary of the internal audit reports issued since the last Audit and Governance Committee to enable members to discuss any matters they wish to raise.

1. INTRODUCTION

The Audit & Governance Committee have requested a regular summary of internal audit reports issued. This is to provide an opportunity for discussion and to raise queries related to the reports.

As members receive a full copy of the internal audit report upon release, they are encouraged to raise any significant concerns they may have with the Auditor at that time. This summary report gives an added opportunity for Members as a group to discuss related matters.

This report includes all final internal audit reports issued to date that have not been previously reported to the Committee.

2. REPORT

A summary of final reports issued to date and not included in previous committee reports is included at **Appendix A**.

There are five audit reports to note:

- Payroll
- Corporate Health and Safety
- Harbour Services
- Recruitment, Selection and Retention
- Emergency Planning

3. IMPLICATIONS

Legal Implications

None.

Financial Implications

None.

Human Resources Implications

None.

Sustainability Implications

None.

Equality/Diversity

None.

Risk Management

The Risk Based Internal Audit Plan is designed to provide robust coverage of the key risks faced by the Council each year. It is developed in consultation with management and approved by members.

Each internal audit report provides the following key information:

Assurance level – providing an overall opinion on the audit area.

Action plan – including audit recommendations (where applicable) and management responses.

Reported issues are assigned a priority rating of high, medium, or low, based on the perceived impact and likelihood as established within the corporate risk matrix.

The report may also include ‘opportunity’ findings, which are suggested courses of action perceived to add value and included for consideration.

Low priority or housekeeping matters are reported separately to operational management during the draft audit stage.

Reporting of progress to the Audit & Governance Committee to implement internal audit actions is the responsibility of the Finance Director / S151.

Compliance with Policies and Strategies

This report complies with the Audit Committee terms of reference and the Audit Procedures Manual.

Ward Member and Leader Member Views

Councillor Philip Hackett, Chair of Audit & Governance, commented “*The Internal Audits Reports contribute to the Council’s robust governance arrangements.*”

4. CONCLUSIONS

The following is a summary of the four assurance levels currently used, along with the audits that have been awarded each level:

Opinion	Audit
Substantial Assurance ‘A sound system of Governance’	Payroll
Reasonable Assurance ‘Some scope for improvement’	Corporate Health and Safety; Recruitment Selection and Retention; Emergency Planning
Limited Assurance ‘Improvement is required’	Harbour Services
No Assurance ‘Immediate action required’	NA

5. RECOMMENDATIONS

Committee are asked to:

Note the reports issued in this reporting period and raise any queries, suggestions or proposals relating to the internal audits in this report.

SUPPORTING INFORMATION

Consultations:	Steve Hearse, Chief Executive Officer Staci Dorey, Head of Legal and Governance and Monitoring Officer Councillor Philip Hackett, Audit and Governance Committee Chair
Contact Officer:	David Heyes, Finance Manager & S151 Officer Robert Hutchins – Head of Devon Audit Partnership Paul Middlemass – DAP Audit Manager
Background Papers:	Audit files

Overview of Reports Issued but not previously reported to Committee

Payroll

Overall Assurance Level – Substantial Assurance

No of recommendations – 1 (1 Low)

No of recommendations agreed - 1

Summary

We consider the control environment relating to the payroll system to be robust. Based on our tests, the transfer of payroll to the iTrent system has not impacted on the high level of control found in our previous audit. Access of users to the iTrent system was found to be appropriately controlled. Starter and leaver information sampled was being accurately recorded and calculated upon the system. An appropriate suite of exception reports is run monthly. Parameter data was checked back to gov.uk documentation and found to be accurately recorded upon the system. The iTrent system provides additional self-serve functionality for Council staff which has efficiency benefits in reducing the manual interventions on the payroll system. We also reviewed the business continuity arrangements for the new system and found them for purpose, with appropriate arrangements in the event of the unexpected absence of the main payroll officer.

No recommendations were made in our previous internal audit report covering the previous system in operation. Only one 'Low' recommendation has been made in this report relating to the need to remove 'access' rights from ex-employees who terminated their employ several months previously.

Corporate Health and Safety

Overall Assurance Level – Reasonable Assurance

No of recommendations – 5 (2 Medium, 3 Low)

No of recommendations agreed – 5

Summary

The Council has a sound system in place to manage its Health and Safety responsibilities. There is a good, experienced H&S team who are well organised, although some additional resource is needed to support the return to office. A management review in early 2016 resulted in the team moving under the Environmental Health and Community Safety Manager who has helped standardise procedures and documents. The Service Manager is qualified with the Institute of Occupational Safety and Health, and the Lead Licensing Officer has a diploma in National Examination Board in Occupational Safety and Health. Health and Safety risks are discussed monthly at Operational Management Team meetings and the quarterly Corporate Risk Register meetings.

The team subsequently had to manage the rapidly changing work environment of staff brought on by the pandemic. Understandably, many office-based risks were negated when the workforce relocated to working from home (where possible). A big exercise was undertaken to ensure that staff were taking appropriate measures to make their new environment as safe as possible with completion of Display Screen Equipment and remote/lone working self-assessments, supported by a staff survey.

However, several office related routine checks (i.e., fire extinguisher checks) have slipped past their normal review dates because of limited staffing to undertake them. The Corporate Health & Safety

Policy is overdue for its annual review by 14 months. That said, 22 of the 24 supporting guidance and process documents were up to date with only minor updates required on the other 2. The team are prioritising addressing these to catch-up, and the Fire Risk Assessments were being worked on during our audit (subsequently received by the time of this report). However, both have other responsibilities which have taken priority since the last audit. and the Council should look at future resourcing to ensure there is sufficient capacity going forward.

Harbour Services

Overall Assurance Level – Limited

No of recommendations – 6 (1 High, 5 Medium)

No of recommendations agreed - 6

Summary

Personnel issues due to illness with key harbour personnel in the last couple of years have impacted on effective management of the harbour service. This includes weak management of records, such as invoices; maintenance of assets; costings; health and safety related checks. Since the beginning of the year great efforts have been made to piece together these records, working practices and ensuring continuous service despite the challenges brought about by the pandemic. An action plan has recently created to make improvements and resolve identified issues, led by the interim Harbour Master who has significant experience in this area. This plan is comprehensive and appears to address the significant areas of weakness. The plan has been provided to the Harbour Board and will be discussed by Community and Resources Committee. Our recommendations in the report complement this action plan.

The interim Harbour Master intends to step down in Spring 2022 but has committed to stay “as long as required” to ensure an appropriate replacement is in position and to provide a comprehensive hand over. That said, it is important that the current recruitment action is taken forward effectively. The Harbour Master is also now supported by a Harbour Officer who has recently been physically based on-site in the Harbour Master’s Office in Bideford providing administrative services and face to face cover to patrons of the Harbour. She is helping coordinate activity between the remote working Harbour Master and Service Manager and is helping to deal with the issues that need to be addressed.

New services have been introduced this year to increase income including short-term mooring for visitors to Bideford. This has yielded positive results however the invoicing arrangements are cumbersome and not suitable for quick invoicing purposes were there to be an increase in volume. We see this as an opportunity to reduce administration by utilising more efficient payment processes. A review of Harbour services is being undertaken by the Harbour Master with a view to aligning the charges and increasing income that way, as charges may not reflect the market rate of other peer ports. This benchmarking review should also establish if there are other users who could be charged to help pay for the infrastructure that they use i.e., water-sport users of the slipway or steps.

The Council has a harbour and pilotage service which supports two major clients, the MS Oldenburg Lundy Island ferry, and the Celtic Forester clay ship (Evans Transport invoiced) but this operates at an annual loss. The port adds strategic benefits to the local economy with visitors coming to use the ferry up to 4 times a week and to see the clay ship visit once a quarter. Economic conditions beyond the Council’s control have been responsible for the drop in turnover (after the loss of the log transport operation) from c.£100k per annum prior to 2018 to c.£50k in 2019. Against an average budget of c.£150k, losses have averaged c.£84.5k per annum for the last 4 years. Given that perspective, and the inherent risks in this area, the Council should continue to annually review the strategic and tactical business management issues related to the harbour and pilotage service. The consideration of this loss should be set against the recent absence of effort or focus to develop new harbour cargo

business streams which for the sake of one ship calling at the port every month, could possibly change the harbour from an economic liability to a modest source of employment, economic activity and income.

Recruitment, Selection and Retention

Overall Assurance Level – Reasonable Assurance

No of recommendations – 3 (1 Medium, 2 Low)

No of recommendations agreed – 1

Summary

The Council has an effective process to manage the recruitment and induction of staff, supported by their new HR system (I-Trent). The introduction of I-Trent has made the Recruitment and Selection process more efficient in many ways. This includes benefits related to enforcing a workflow for the recruitment process, reducing the need for papers, and holding an audit trail of the recruitment process.

The HR staff provide good support to managers when recruiting and inducting staff, and have supported tactical opportunities to recruit, such as recruitment fairs. These have helped reduce problems in recruiting locally, although challenges continue in some job areas. The Recruitment Policy is well written, effective and in line with legislation. The Selection process was described in detail within the policies provided by the authority. We were content that the overall start to end recruitment process (consideration of the need to recruit, budget approval; creation of the job details; advertising the post; sifting, interviewing, selection) were in line with good practice to ensure fair and open recruitment.

There was no retention policy available to view, but during interviews we confirmed the Council had measures to encourage staff to remain. The Authority also demonstrated they had suitable privacy notices to protect the personal data involved in Recruitment, Retention and Selection work.

While we have given Reasonable Assurance, implementation of their new training system to deliver periodic uptake of core training would likely increase this to a Substantial Assurance.

Emergency Planning

Overall Assurance Level – Reasonable Assurance

No of recommendations – 4 (4 Low)

No of recommendations agreed – 4

Summary

The Council is meeting its core responsibilities as described in the Civil Contingencies Act. It has a core Emergency Plan and a Business Continuity Plan, albeit they require review and update, including to detail the transfer of management responsibility to the Public Health and Housing Manager. There is also a need to recruit the additional officer to support this manager (who will also have a role in supporting council Health and Safety). As the Emergency Plan is a statutory requirement, we have suggested that it be endorsed by the Lead member for Emergency Planning and the role of Members in the event of any emergency should also be considered. We have also suggested inclusion of a policy on testing of the Plan to ensure preparedness is maintained, although we acknowledge that real world events have negated the necessity for testing over the last two years. As well as the C-19 pandemic events actions have included responding to the Bucks Mill Container Grounding event in

Summary of Internal Audit Reports Issued to Date

October 2020. The central plan is supplemented by other relevant plans. A variety of other plans such as the Bideford Harbour oil spill contingency plan exist, and these align to the relevant risks in the area.

The Council is well supported in its responsibilities by the Devon Emergency Planning Partnership (DEPP) and the Local Resilience Forum (LRF), with which it has active engagement to its best endeavours. Those organisations provide significant support to the council to help it manage any emergency incident that arises. The DEPP provides actively help in developing and discussing plans and recovery arrangements with its partners. The LRF supports active discussion with partners (including the council) of national and local risks to support consideration of the Emergency Plans that are required. Separately, there is also much attention on coastal erosion and flooding coordinated by the Environment Agency which has prompted focus by the Council in this high-risk area.