

# Public Document Pack

Mid Devon District Council

## Audit Committee

Tuesday, 8 October 2019 at 5.30 pm  
Exe Room, Phoenix House, Tiverton

Next meeting  
Tuesday, 10 December 2019 at 5.30 pm

Those attending are advised that this meeting will be recorded

## Membership

Cllr R Evans (Chairman)  
Cllr Mrs C Collis  
Cllr B A Moore  
Cllr D F Pugsley  
Cllr A Wilce  
Cllr J Wright  
Cllr A Wyer

## A G E N D A

*Members are reminded of the need to make declarations of interest prior to any discussion which may take place*

1. **Apologies**  
To receive any apologies for absence.
2. **Declaration of Interests under the Code of Conduct**  
Councillors are reminded of the requirement to declare any interest, including the type of interest, and reason for that interest, either at this stage of the meeting or as soon as they become aware of that interest.
3. **Public Question Time**  
To receive any questions relating to items on the Agenda from members of the public and replies thereto.
4. **Chairman's Announcements**  
To receive any announcements that the Chairman may wish to make.
5. **Minutes of the previous meeting (Pages 5 - 10)**  
Members to consider whether to approve the minutes as a correct record of the meeting held on 27 August 2019.

6. **Performance & Risk Report** (*Pages 11 - 48*)  
To receive a report from the Director of Corporate Affairs & Business Transformation providing Members with an update on performance against the Corporate Plan and local service targets for 2019-20 as well as providing an update on the key business risks.
7. **Progress update on the Annual Governance Statement Action Plan** (*Pages 49 - 54*)  
To receive a report from the Group Manager for Performance, Governance and Data Security providing the Committee with an update on progress made against the Annual Governance Statement 2018/19 Action Plan.
8. **Internal Audit Progress Report** (*Pages 55 - 64*)  
To receive a report from the Deputy Head of the Devon Audit Partnership monitoring the progress and performance on Internal Audit.
9. **Effectiveness of the Audit Committee - Self Assessment** (*Pages 65 - 70*)  
To receive a report from the Audit Manager considering the Chartered Institute of Public Finance and Accountancy (CIPFA) self-assessment checklist for Audit Committees.
10. **External Audit Progress Report and Sector Update** (*Pages 71 - 84*)  
To receive a report from Grant Thornton providing an update on progress in delivering their responsibilities as the council's external auditors.
11. **Annual Audit Letter** (*Pages 85 - 102*)  
To receive the Annual Audit Letter from Grant Thornton summarising the key findings arising from their audit work carried out at Mid Devon District Council and its subsidiaries for the year ended 31 March 2019.
12. **Identification of items for the next meeting**  
Members are asked to note that the following items are already identified in the work programme for the next meeting:
  - Performance and Risk
  - Progress update on the Annual Governance Statement Action Plan
  - Internal Audit Progress Report
  - External Audit Progress Report and Sector Update

Note: This item is limited to 10 minutes. There should be no discussion on the items raised.

**Stephen Walford**  
Chief Executive  
Monday, 30 September 2019

Anyone wishing to film part or all of the proceedings may do so unless the press and public are excluded for that part of the meeting or there is good reason not to do so, as directed by the Chairman. Any filming must be done as unobtrusively as possible from a single fixed position without the use of any additional lighting; focusing only on those actively participating in the meeting and having regard also to the wishes of any member of the public present who may not wish to be filmed. As a matter of courtesy, anyone wishing to film proceedings is asked to advise the Chairman or the Member Services Officer in attendance so that all those present may be made aware that is happening.

Members of the public may also use other forms of social media to report on proceedings at this meeting.

Members of the public are welcome to attend the meeting and listen to discussion. Lift access to the first floor of the building is available from the main ground floor entrance. Toilet facilities, with wheelchair access, are also available. There is time set aside at the beginning of the meeting to allow the public to ask questions.

An induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter. If you require any further information, or if you would like a copy of the Agenda in another format (for example in large print) please contact Sarah Lees on:

Tel: 01884 234310

E-Mail: [slees@middevon.gov.uk](mailto:slees@middevon.gov.uk)

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## MID DEVON DISTRICT COUNCIL

**MINUTES** of a **MEETING** of the **AUDIT COMMITTEE** held on 27 August 2019 at 5.30 pm

### **Present**

#### **Councillors**

R Evans (Chairman)  
Mrs C Collis, B A Moore, D F Pugsley,  
A Wilce, J Wright and A Wyer

### **Also Present**

#### **Councillor**

R M Deed

### **Also Present**

#### **Officers**

Catherine Yandle (Group Manager for Performance, Governance and Data Security), Joanne Nacey (Group Manager for Finance), David Curnow (Deputy Head of Devon Audit Partnership) and Sarah Lees (Member Services Officer)

### **Also in**

#### **Attendance**

Andrew Davies (Grant Thornton)

## 23. **APOLOGIES**

There were no apologies for absence.

## 24. **DECLARATION OF INTERESTS UNDER THE CODE OF CONDUCT**

No interests were declared under this item.

## 25. **PUBLIC QUESTION TIME**

There were no members of the public present.

## 26. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman had the following announcements to make:

1. The timing of special meeting to sign off the annual accounts had not been practical for the new membership of the committee this year. He therefore proposed that the start time for future meetings of the special meeting in July each year be 5.30pm. This was **AGREED**.
2. 'Risk' in association to Climate Change would be monitored by all the Policy Development Groups going forwards. The Audit Committee would take its lead from them. Any issues would be brought forward through the Corporate Risk report presented to the Audit Committee at each meeting and the Committee had the facility to consider Climate Change risks in detail should it choose to.
3. He had had a pre-meet with the Deputy Head of the Devon Audit Partnership and they had discussed the need for the Audit Committee to reconsider the CiPFA Self Assessment exercise that the Committee had undertaken last

year. Given that there was now a new membership of the Committee it was considered good practice to revisit this assessment at the next meeting. It was agreed that the Clerk would circulate the necessary documents by email following this meeting together with the results from the last exercise so that the new membership had a chance to consider this before discussing the issue in depth as an agenda item for the next meeting. This was **AGREED**.

## 27. MINUTES OF THE PREVIOUS MEETING (00:04:35)

The minutes of the meeting held on 15 July 2019 were confirmed as a true and accurate record and **SIGNED** by the Chairman.

## 28. PERFORMANCE & RISK (00:05:14)

The Committee had before it, and **NOTED**, a report \* from the Director of Corporate Affairs & Business Transformation providing it with an update on performance against the Corporate Plan and local service targets for 2019-20 as well as providing an update on the key business risks.

It was explained that this report had been to all four Policy Development Groups as well as the Cabinet and there had been no issues of concern raised.

Discussion took place with regard to:

- Whether there was any information available regarding not only the Council's capital programme with regard to carbon footprint issues but also its operational aspects. The Committee also asked whether there was any feedback available regarding the Devon County Council meeting on 23 July 2019 and its work towards establishing Devon-wide definitions. It was explained that there had been some progress but that a formal update had missed this round of PDG's. It was expected that an update would be provided for the next round of meetings.
- The Private Sector Housing Team were congratulated for exceeding the target in relation to bringing the number of empty homes back into use.
- The Council's responsibility in relation to the provision of Affordable Homes was very complex matter, involving Section 106 monies and responsibilities upon developers. However, there was a Community Led Housing Fund available and enquiries should be made through the Housing Options Manager for more information in addition to the Cabinet Member for Planning and Economic Regeneration. The Chairman confirmed that he had been successful in bringing a Motion to Council such that Ward Members were now consulted if a planning application had been passed and the developers were ready to proceed. This would mean that Ward Members could contribute to negotiations regarding Affordable Housing.
- Freedom of Information (FOI) requests and whether the Audit Committee could monitor the number of decision notices issued and whether any FOI's had been refused in more detail. It was explained that this information was already reported on the website but that additional information could be included in the risk report to the Audit Committee in future. This was **AGREED**.
- Once more was known about the Devon wide targets in relation to Climate Change this would be communicated to all Members.

- The number of Affordable Homes delivered for the current quarter was just below target.
- It was **AGREED** that the Audit Committee ought to have sight of the Performance and Risk information in relation to Leisure Services going forwards accepting that this part of future reports would need to be in Part II given the commercially sensitive nature of the data.
- Review notes in relation to the Corporate Risk Register were still missing in some areas and there was an increasing instance of this. It was explained that the column in relation to 'Mitigating Actions' now contained much of the information that would previously have been included in the review note. The Chairman commented that this was not clear to the Committee and that in future there needed to be a comment along the lines of 'See mitigating actions' in the review note or something to indicate that action was being taken. The Committee did not want to receive the report with missing information in the future given that it had brought this issue to light on several previous occasions.

Note: \* Report previously circulated; copy attached to the signed minutes.

29. **PROGRESS UPDATE ON THE ANNUAL GOVERNANCE STATEMENT AND ACTION PLAN (00:32:32)**

The Committee had before it, and **NOTED**, a report \* from the Group Manager for Performance, Governance and Data Security providing it with an update on progress made against the Annual Governance Statement 2018/19 Action Plan.

The contents of the report were outlined with particular reference to the fact that 8 issues had been identified but none had been due for completion at this point.

Note: \* Report previously circulated; copy attached to the signed minutes.

30. **INTERNAL AUDIT PROGRESS REPORT (00:35:08)**

The Committee had before it, and **NOTED**, a report \* from the Head of the Audit Partnership reviewing the progress and performance of Internal Audit.

It was highlighted that overall, based on the work performed during the 2019/20 financial year so far it was the opinion of the Head of Internal Audit that the adequacy and effectiveness of the authority's internal control framework continued to be one of "Substantial Assurance". It was confirmed that the work programme for the year had started, albeit slowly due to annual leave but that a great deal of work was scheduled for the remainder of the year.

A brief summary was provided in relation to the reviews that had been undertaken since the last meeting with reference to:

- Private Sector Housing – whilst the overall audit opinion was one of a 'Good Standard' further system development was required to improve efficiency and strengthen the assurance of the control framework with regard to the use of the 'Better Care Fund' and 'Houses in Multiple Occupation'.
- In relation to the 'Housing Health and Safety' and 'Service Transition' audits some improvements had been identified and necessary action plans agreed.

Discussion took place regarding:

- The audit in relation to 'Community Engagement' had identified that there were further opportunities to increase customer engagement through a 'Champion' and that there should be greater use of 'plain English' in all consultation exercises. The Committee expressed concerns that often those that 'shouted loudest' were listened to most whilst their opinions may not be truly reflective of the wider population. The Committee felt that all consultation exercises should be truly reflective of the whole district where possible rather than just reflecting what a small minority thought. It was explained that engaging with those that did not want to come forward with a view was a difficult exercise and significant time and effort would be needed to consider how this could be achieved. However, it was felt that, wherever possible, every effort should be made to engage across the wider community as Members had a duty to represent a broad section of the community and not get distracted by a minority view. Whilst it was recognised that instigating a 'Champion' to increase customer engagement would take a great deal of resource, the Audit Committee **AGREED** that officers should be encouraged to implement this in relevant service areas. The Audit Committee also felt that its wishes should be conveyed to the relevant Policy Development Group and that they should be asked to consider this in relation to their own remit with the aim of ensuring that future consultations be focused on risk / service improvement opportunity and be geographically representative.
- Officers working in the areas of 'Housing Lettings' and 'Asset Management' were congratulated for their 'High Standard' audit opinions.
- The number of recommendations made in some areas whilst still receiving the same overall audit opinion seemed disproportionate in some audits. The Audit Manager accepted this view and said he would reflect upon it.
- The Committee congratulated the Audit Manager for the new format of the outstanding audit recommendations appendix showing outstanding recommendations in year and priority order.

Note: \* Report previously circulated; copy attached to the signed minutes.

### 31. **EXTERNAL AUDIT PROGRESS REPORT AND SECTOR UPDATE (00:50:50)**

The Committee received a verbal update from Grant Thornton regarding progress in delivering their responsibilities as the Council's external auditors. There was not much to report at the current time since it was still very early on the current financial year. The Annual Audit Letter would be presented to the next meeting and work in relation to the Housing Benefit Certification area would be completed by 30 November. Planning in relation to the 2019/20 audit would commence towards the end of the year.

The Committee **NOTED** the Fee Letter which stated how much the Council would be required to pay for next year's audit. It was confirmed that this fee was set by Public Sector Audit Appointment Ltd (\*PSAA) and not Grant Thornton.

### 32. IDENTIFICATION OF ITEMS FOR THE NEXT MEETING (00:53:30)

The following was requested to be on the agenda for the next meeting in addition to the items already listed in the work programme:

- CiPFA Self Assessment

A brief discussion took place regarding whether the Audit Committee had a role to play in the monitoring of S106 funding. A concern was expressed that the Council would be left exposed if it did not re-coup all funds owing to it. The Chairman explained that the AGS Action Plan already contained consideration of this issue and that if the Committee did not feel this was sufficient when it next received this report it could request a more detailed report for a future meeting.

(The meeting ended at 6.30 pm)

**CHAIRMAN**

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## AUDIT COMMITTEE 8 OCTOBER 2019

### PERFORMANCE AND RISK REPORT

**Cabinet Member** Cllr Bob Deed  
**Responsible Officer** Director of Corporate Affairs & Business Transformation,  
Jill May

**Reason for Report:** To provide Members with an update on performance against the corporate plan and local service targets for 2019-20 as well as providing an update on the key business risks.

**RECOMMENDATION:** That the Committee reviews the Performance Indicators and Risks that are outlined in this report and feeds back any areas of concern.

**Relationship to Corporate Plan:** Corporate Plan priorities and targets are effectively maintained through the use of appropriate performance indicators and regular monitoring.

**Financial Implications:** None identified

**Legal Implications:** None

**Risk Assessment:** If performance is not monitored we may fail to meet our corporate and local service plan targets or to take appropriate corrective action where necessary. If key business risks are not identified and monitored they cannot be mitigated effectively.

**Equality Impact Assessment:** No equality issues identified for this report.

**Impact on Climate Change:** No impacts identified for this report.

#### 1.0 Introduction

- 1.1 Appendices 1-5 provide Members with details of performance against the Corporate Plan and local service targets for the 2019-20 financial year. The Committee is invited to suggest measures they would like to see included in the future for consideration.
- 1.2 Appendix 6 shows the higher impact risks from the Corporate Risk Register. See 3.0 below.
- 1.3 Appendix 7 shows the risk matrix for the Council.
- 1.4 All appendices are produced from the Corporate Service Performance And Risk Management system (SPAR).
- 1.5 When benchmarking information is available it is included.

## 2.0 Performance

### Environment Portfolio - Appendix 1

- 2.1 Regarding the Corporate Plan Aim: **Increase recycling and reduce the amount of waste: % of household waste reused, recycled and composted**; all the waste KPIs on Appendix 1 are better than target. These are yet to be verified by DCC however.
- 2.2 Regarding the Corporate Plan Aim: **Reduce our carbon footprint**: The proposal from Exeter University for the benchmarking of MDDC's Carbon Footprint, along with the other Devon districts, as at 2018/19 was received w/c 2 September and is being considered by management.

### Homes Portfolio - Appendix 2

- 2.3 Regarding the Corporate Plan Aim: **Build more council houses**: Palmerston Park is now due for handover of all 26 units at the end of September.
- 2.4 Regarding the Corporate Plan Aim: **Facilitate the housing growth that Mid Devon needs, including affordable housing: Bringing Empty homes into use** has already exceeded the annual target. **Number of affordable homes delivered** was below target as at 30 June, this is reported quarterly.
- 2.5 Regarding the Corporate Plan Aim: **Planning and enhancing the built environment: Performance Planning Guarantee determined within 26 weeks** was just below target at 99% but all 4 speed and quality measures were well above the required target as at 30 June. These too are all reported quarterly.
- 2.6 Regarding the Corporate Plan Aim: **Other**: all measures are either on or above target except for **Average days to re-let** which was just outside the target of 14 days.
- 2.7 Housing performance remains in the top quartile compared with HouseMark.

### Economy Portfolio - Appendix 3

- 2.8 An Economic Development Service Update which covers specific projects is a separate item on this agenda.
- 2.9 Regarding the Corporate Plan Aim: **Focus on business retention and growth of existing businesses**: we record **Businesses assisted**; they have to be assisted for a minimum of an hour to be included in this figure.
- 2.10 The GED team is working proactively to bring forward strategic developments and overcome obstacles to development. The team is currently in discussions with all allocated employment site land owners.

- 2.11 Regarding the Corporate Plan Aim: **Improve and regenerate our town centres with the aim of increasing footfall, dwell-time and spend in our town centres:** for **Empty Shops**, the vacancy rates in Tiverton and Crediton are better than this time last year. It should be noticed that the vacancy count is done at the start of each quarter hence the figures for “September” are populated already. The destination website is under construction at present.
- 2.12 Local Plan update: A post hearing advice note was received from the Inspector on 23<sup>rd</sup> May 2019. In response officers prepared and submitted a draft housing land supply update. The Inspector then invited hearing participants to comment upon it and the Council to make a further submission in response to those comments. We await clarification from the Inspector on how he wishes to proceed to the next stage. A report on the proposed main modifications will be considered at a future meeting of Cabinet and Council prior to a further stage of public consultation. We await guidance from the Inspector after which we will be in a clearer position over timescale going forward.

#### Community Portfolio - Appendix 4

- 2.13 **Regarding the Corporate Plan Aim: Promote physical activity, health and wellbeing:** The play area in Palmerston Park will be closed to allow contractors to carry out a make-over of the community space. Mid Devon District Council is investing around £25,000 to fund the improvements, with the money coming from developer contributions.
- 2.14 **Other:** MDDC has applied for £1.2 million of Government funding to support the regeneration of Cullompton’s historic town centre. The Council submitted the bid to Historic England for a share of the High Streets Heritage Action Zone, under the Government’s High Streets Programme. MDDC has successfully passed the first stage and will now need to submit a full programme design by January 2020 in discussion with Historic England
- 2.15 MDDC’s website was upgraded from 1 July we are now addressing our other websites for accessibility i.e. Culm Garden Village, NMD Building Control and Leisure. Advice is being given to Town and Parishes regarding their websites.

#### Corporate - Appendix 5

- 2.16 **Working days lost due to sickness** is currently slightly better than target but we are approaching the months when short-term sickness absences tend to increase. The revised sickness policy is in draft at present.
- 2.17 The **Response to FOI requests** have been 100% on time since April 2019. The new FOI information has been added as requested, with some information about the prior year for comparison. The extra FOI information did not start being published on the website until July 2018 when the new Cabinet FOI guidance was published.
- 2.18 Premier Inn is still on target for completion. Our retail units at Market Walk: The occupancy rate has now fallen back below 100% but Heads of Terms are

nearly completed for 2 shops (4 units) and Londis is working with the Council re another.

- 2.19 The % **total Council Tax collected** and % **total NNDR collected** are both well above target.

### **3.0 Risk**

- 3.1 The Corporate risk register is regularly reviewed by Group Managers' Team (GMT) and Leadership Team (LT) and updated as required.
- 3.2 Risk reports to committees include strategic risks with a current score of 10 or more in accordance with the Risk and Opportunity Management Strategy. (Appendix 6)
- 3.3 Appendix 7 shows the risk matrix for MDDC for this quarter. If risks are not scored they are included in the matrix at their inherent score which will be higher than their current score would be.
- 3.4 Operational risk assessments are job specific and flow through to safe systems of work. These risks go to the Health and Safety Committee biannually with escalation to committees where serious concerns are raised.

### **4.0 Conclusion and Recommendation**

- 4.1 That the Committee reviews the performance indicators and any risks that are outlined in this report and feeds back any areas of concern.

**Contact for more Information:** Catherine Yandle Group Manager for Performance, Governance and Data Security ext 4975

**Circulation of the Report:** Leadership Team and Cabinet Member

## Corporate Plan PI Report Environment

Monthly report for 2019-2020  
Arranged by Aims  
Filtered by Aim: Priorities Environment  
For MDDC - Services

**Key to Performance Status:**

Performance Indicators:	No Data	Well below target	Below target	On target	Above target	Well above target
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\* indicates that an entity is linked to the Aim by its parent Service

Corporate Plan PI Report Environment																
Priorities: Environment																
Aims: Increase recycling and reduce the amount of waste																
Performance Indicators																
Title	Prev Year (Period)	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Group Manager	Officer Notes
<u>Residual household waste per household (measured in Kilograms) (figures have to be verified by DCC)</u>	119.90 (4/12)	365.00	27.49	57.07	85.01	114.63									Stuart Noyce	
<u>% of Household Waste Reused, Recycled and Composted (figures have to be verified by DCC)</u>	56.15% (4/12)	54.00%	55.78%	56.45%	56.21%	55.71%									Stuart Noyce	
<u>Net annual cost of waste service per household</u>		£45.00	n/a	Stuart Noyce												
<u>Number of Households on Chargeable Garden Waste</u>	9,953 (4/12)	10,000	9,921	10,102	10,109	10,195									Stuart Noyce	
<u>% of missed collections reported (refuse and organic waste)</u>	0.03% (4/12)	0.03%	0.01%	0.01%	0.01%	0.01%									Stuart Noyce	
<u>% of Missed Collections logged (recycling)</u>	0.01% (4/12)	0.03%	0.02%	0.02%	0.02%	0.02%									Stuart Noyce	
Aims: Protect the natural environment																

Corporate Plan PI Report Environment																
Priorities: Environment																
Aims: Protect the natural environment																
Performance Indicators																
Title	Prev Year (Period)	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Group Manager	Officer Notes
<b>Number of Fixed Penalty Notices (FPNs) Issued (Environment)</b>	8 (4/12)		2	4	6	8									Stuart Noyce	

Printed by: Catherine Yandle

SPAR.net

Print Date: 06 September 2019 13:08

## Corporate Plan PI Report Homes

Monthly report for 2019-2020  
Arranged by Aims  
Filtered by Aim: Priorities Homes  
For MDDC - Services

Key to Performance Status:

Performance Indicators:	No Data	Well below target	Below target	On target	Above target	Well above target
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\* Indicates that an entity is linked to the Aim by its parent Service

### Corporate Plan PI Report Homes

#### Priorities: Homes

#### Aims: Build more council houses

#### Performance Indicators

Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Group Manager	Officer Notes
<b>Build Council Houses</b>	2 (5/12)		26	0	0	0	0	0								Angela Haigh	(August) Revised completion date agreed with Homes England (CY)

#### Aims: Facilitate the housing growth that Mid Devon needs, including affordable housing

#### Performance Indicators

Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Group Manager	Officer Notes
<b>Number of affordable homes delivered (gross)</b>	18 (1/4)		100	n/a	n/a	22	n/a	n/a		n/a	n/a		n/a	n/a		Angela Haigh	
<b>Deliver homes by bringing Empty Houses into use</b>	56 (5/12)		72	17	33	42	55	72								Simon Newcombe	

#### Aims: Other

#### Performance Indicators

Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Group Manager	Officer Notes
<b>% Decent Council Homes</b>	99.9% (5/12)		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%								Angela Haigh	
<b>% Properties With a Valid Gas Safety Certificate</b>	99.91% (5/12)		100.00%	99.78%	99.82%	99.91%	99.91%	99.96%								Angela Haigh	
<b>Rent Collected as a Proportion of Rent Owed</b>	99.26% (5/12)		97.00%	91.55%	99.90%	97.66%	100.93%	99.30%								Angela Haigh	
<b>Current Tenant Arrears as a Proportion of Annual Rent Debit</b>	1.32% (5/12)		2.50%	1.10%	0.87%	1.11%	1.09%	0.91%								Angela Haigh	
<b>Dwelling rent lost due to voids</b>	0.57% (5/12)		0.70%	0.50%	0.50%	0.48%	0.48%	0.52%								Angela Haigh	
<b>Average Days to Re-Let Local Authority Housing</b>	15.7days (5/12)		14.0days	14.0days	14.5days	14.6days	13.7days	14.6days								Angela Haigh	

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## Corporate Plan PI Report Economy

Monthly report for 2019-2020  
Arranged by Aims  
Filtered by Aim: Priorities Economy  
For MDDC - Services

Key to Performance Status:

Performance Indicators:	No Data	Well below target	Below target	On target	Above target	Well above target
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\* indicates that an entity is linked to the Aim by its parent Service

### Corporate Plan PI Report Economy

#### Priorities: Economy

#### Aims: Attract new businesses to the District

##### Performance Indicators

Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Group Manager	Officer Notes
<u>Number of business rate accounts</u>	3,049	(5/12)	3,150	3,104	3,112	3,123	3,137	3,149								Andrew Jarrett, Fiona Wilkinson	

#### Aims: Focus on business retention and growth of existing businesses

##### Performance Indicators

Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Group Manager	Officer Notes
<u>Businesses assisted</u>	122	(5/12)	250	10	28	50	61	69								Adrian Welsh	(August) 9 New Enquires & 8 Businesses Assisted (MF)

#### Aims: Improve and regenerate our town centres

##### Performance Indicators

Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Group Manager	Officer Notes
<u>Increase in Car Parking Vends</u>	53,627	(5/12)		51,120	51,775	48,697	50,894	51,261								Andrew Jarrett	
<u>The Number of Empty Shops (TIVERTON)</u>	21	(2/4)	18	n/a	n/a	17	n/a	n/a	20	n/a	n/a	n/a	n/a	n/a	n/a	Adrian Welsh	(Quarter 1) The number of vacant units is 7.1% equaling 17 units. (MF)
<u>The Number of Empty Shops (CREDITON)</u>	8	(2/4)	8	n/a	n/a	6	n/a	n/a	7	n/a	n/a	n/a	n/a	n/a	n/a	Adrian Welsh	(Quarter 1) 5.0% of units vacant. (MF)
<u>The Number of Empty Shops (CULLOMPTON)</u>	7	(2/4)	8	n/a	n/a	12	n/a	n/a	12	n/a	n/a	n/a	n/a	n/a	n/a	Adrian Welsh	(Quarter 1) The number of vacant units within Cullompton is 12 (MF)

#### Aims: Other

##### Performance Indicators

Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Group Manager	Officer Notes
<u>Funding awarded to support economic projects</u>	£0	(1/4)	£100,000	n/a	n/a	£10,000	n/a	Adrian Welsh	(Quarter 1) £10,000 bid to Arts Council from Cullompton Town Council (AD) (JB)								

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### Corporate Plan PI Report Community

Monthly report for 2019-2020  
 Arranged by Aims  
 Filtered by Aim: Priorities Community  
 Filtered by Flag: Exclude: Corporate Plan Aims 2016 to 2020  
 For MDDC - Services

**Key to Performance Status:**

Performance Indicators:	No Data	Well below target	Below target	On target	Above target	Well above target
-------------------------	---------	-------------------	--------------	-----------	--------------	-------------------

\* indicates that an entity is linked to the Aim by its parent Service

Corporate Plan PI Report Community																	
Priorities: Community																	
Aims: Other																	
Performance Indicators																	
Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Group Manager	Officer Notes
<u>Compliance with food safety law</u>	85% (5/12)		90%	93%	93%	92%	93%	93%								Simon Newcombe	

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## Corporate Plan PI Report Corporate

**Monthly report for 2019-2020**  
**Arranged by Aims**  
**Filtered by Aim: Priorities Delivering a Well-Managed Council**  
**For MDDC - Services**

**Key to Performance Status:**

Performance Indicators:

No Data	Well below target	Below target	On target	Above target	Well above target
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\* indicates that an entity is linked to the Aim by its parent Service

Page 23

**Corporate Plan PI Report Corporate**

**Priorities: Delivering a Well-Managed Council**

**Aims: Put customers first**

**Performance Indicators**

Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Group Manager	Officer Notes
<u>% of complaints resolved w/in timescales (10 days - 12 weeks)</u>	90% (5/12)		90%	96%	98%	95%	87%	85%								Lisa Lewis	
<u>Number of Complaints</u>	29 (5/12)			26	31	33	34	33								Lisa Lewis	
<u>New Performance Planning</u>	100% (1/4)		100%	n/a	n/a	99%	n/a	n/a	n/a	n/a		n/a	n/a			Jenny Clifford, David	(Quarter 1) Down by 1 FTE (RP)

Printed by: Catherine Yandle

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Print Date: 19 September 2019 15:39

**Corporate Plan PI Report Corporate**

**Priorities: Delivering a Well-Managed Council**

**Aims: Put customers first**

**Performance Indicators**

Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Group Manager	Officer Notes
<u>Guarantee determine within 26 weeks</u>																Green	
<u>Major applications determined within 13 weeks (over last 2 years)</u>	86% (1/4)		60%	n/a	n/a	72%	n/a	n/a	n/a	n/a		n/a	n/a			Jenny Clifford, David Green	(Quarter 1) 1 FTE down (RP)
<u>Minor applications determined within 8 weeks (over last 2 years)</u>	73% (1/4)		65%	n/a	n/a	77%	n/a	n/a	n/a	n/a		n/a	n/a			Jenny Clifford, David Green	
<u>Major applications overturned at appeal (over last 2 years)</u>	3% (1/4)		10%	n/a	n/a	0%	n/a	n/a	n/a	n/a		n/a	n/a			Jenny Clifford, David Green	(Quarter 1) down by 1 FTE (RP)
<u>Minor applications overturned at appeal (over last 2 years)</u>	0% (1/4)		10%	n/a	n/a	0%	n/a	n/a	n/a	n/a		n/a	n/a			Jenny Clifford, David Green	

Page 24

**Corporate Plan PI Report Corporate**

**Priorities: Delivering a Well-Managed Council**

**Aims: Put customers first**

**Performance Indicators**

Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Group Manager	Officer Notes
<u>Response to FOI Requests (within 20 working days)</u>	98% (5/12)		100%	100%	100%	100%	100%	100%								Catherine Yandle	(August) 79 replies all on time. (CY)
<u>FOI/EIR Requests where the information was granted in full</u>	n/a	n/a	2018 -19 Q 3 & 4 190 i.e. 59.4%	32	28	26	26	44								Catherine Yandle	(August) Out of 79; 55.7% (CY)
<u>ICO Decision Notices</u>	n/a	n/a	There were 4 complaints in 2018-19 2 Withdrawn 1 Upheld 1 Not Upheld			1	1	1								Catherine Yandle	(August) Withdrawn (CY)
<u>Working Days Lost Due to Sickness Absence</u>	3.49days (5/12)		7.00days	0.46days	0.96days	1.55days	2.17days	2.88days								Matthew Page	
<u>% total Council tax</u>	47.43% (5/12)		98.50%	11.16%	20.41%	29.29%	38.20%	47.15%								Andrew Jarrett	

Page 25

**Corporate Plan PI Report Corporate**

**Priorities: Delivering a Well-Managed Council**

**Aims: Put customers first**

**Performance Indicators**

Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Group Manager	Officer Notes
<u>collected - monthly</u>																	
<u>% total NNDR collected - monthly</u>	47.45% (5/12)		99.20%	12.02%	24.00%	33.07%	40.40%	48.98%								Andrew Jarrett	
<u>Number of visitors per month</u>	2,341 (5/12)		2,500	1,361	1,355	1,257	1,212	1,189								Lisa Lewis	

Page 26

## Corporate Risk Management Report - Appendix 6

Report for 2019-2020

Filtered by Prefix: Exclude Risk Prefix: OP, PR, EV

Filtered by Flag: Include: \* Corporate Risk Register

For MDDC - Services

Filtered by Performance Status: Exclude Risk Status: Low

Not Including Risk Child Projects records, Including Mitigating Action records

**Key to Performance Status:**

Mitigating Action:	<b>Milestone Missed</b>	<b>Behind schedule</b>	<b>On / ahead of schedule</b>	<b>Completed and evaluated</b>	<b>No Data available</b>
--------------------	-------------------------	------------------------	-------------------------------	--------------------------------	--------------------------

Risks:	<b>No Data (0+)</b>	<b>High (15+)</b>	<b>Medium (6+)</b>	<b>Low (1+)</b>
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### Corporate Risk Management Report - Appendix 6

**Risk: Absence of Key Staff** Loss of key staff from service (either temporary or permanent) could result in being unable to meet statutory duties and administer an election

**Service: Elections and Electoral Registration**

**Mitigating Action records**

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
Completed and evaluated	Partnership working arrangements	may require experienced staff from other authorities if staff absent at key times	Jackie Stoneman	02/08/2013	11/03/2019	Fully effective (1)
<b>Current Status: Medium (12)</b>		<b>Current Risk Severity: 4 - High</b>		<b>Current Risk Likelihood: 3 - Medium</b>		
<b>Service Manager: Jill May</b>						
<b>Review Note:</b> contingency plans - AEA and Devon Group partnership working (could borrow staff)						

**Risk: Building Control partnership with North Devon** Partnership arrangement with North Devon fails and Building Control has to be brought back in house.

**Service: Building Control**

**Mitigating Action records**

No Mitigating Action records found.						
<b>Current Status: Medium (12)</b>		<b>Current Risk Severity: 4 - High</b>		<b>Current Risk Likelihood: 3 - Medium</b>		
<b>Service Manager: Jenny Clifford</b>						
<b>Review Note:</b> Ensure marketing plan is implemented performance monitoring of surveyors.						

## Corporate Risk Management Report - Appendix 6

**Risk: Climate Change Declaration** The implications to the Council's strategic, budget and medium term financial plans are not yet fully explored and understood. This introduces an increased level of uncertainty.

**Service: Governance**

### Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
No Data available	Consideration by the Environment PDG	This PDG has been tasked with considering the Council's own policy response (s) to the Climate Change Declaration made at Full Council on 26 June 2019.	Catherine Yandle	19/07/2019	05/09/2019	No Score(0)
On / ahead of schedule	Establishing baseline and definitions	A Devon wide definition of "Carbon footprint" needs to be established so the County can work to a common formula. MDDC's own Carbon footprint will be calculated to establish a baseline for future measurement.	Catherine Yandle	19/07/2019	05/09/2019	Satisfactory (2)
<b>Current Status: High (25)</b>		<b>Current Risk Severity: 5 - Very High</b>		<b>Current Risk Likelihood: 5 - Very High</b>		
<b>Service Manager: Catherine Yandle</b>						
<b>Review Note:</b> Proposal from Exeter University for carbon footprint work is due w/c 2/9/19						

## Corporate Risk Management Report - Appendix 6

**Risk: Cyber Security** Inadequate Cyber Security could lead to breaches of confidential information, damaged or corrupted data and ultimately Denial of Service. If the Council fails to have an effective ICT security strategy in place.

Risk of monetary penalties and fines, and legal action by affected parties

Service: I C T

### Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
Completed and evaluated	Email and Protective DNS	ICT have applied the all levels of the government secure email policy, which ensures secure email exchange with government agencies operating at OFFICIAL. PSN DNS has been configured at the Internet gateway, which ensures the validity of websites and blocks known sites.	Alan Keates	06/06/2019	17/09/2019	Fully effective (1)
Completed and evaluated	Information Security Policy in place, with update training	Information Security Policy reviewed. LMS (online policy system) included in induction.	Catherine Yandle	22/10/2015	17/09/2019	Fully effective (1)
On / ahead of schedule	Regular user awareness training	Staff and Member updates help to reduce the risk	Alan Keates	03/01/2019	17/09/2019	Satisfactory (2)
Completed and evaluated	Technical controls in place	Required to maintain Public Sector Network certification	Alan Keates	03/01/2019	17/09/2019	Fully effective (1)
<b>Current Status: High (20)</b>		<b>Current Risk Severity: 5 - Very High</b>		<b>Current Risk Likelihood: 4 - High</b>		
<b>Service Manager: Alan Keates</b>						
<b>Review Note:</b> See mitigating actions.						

## Corporate Risk Management Report - Appendix 6

### **Risk: Economic Strategy** Failure to deliver projects/outcomes in Economic Strategy

**Service: Growth, Economy and Development**

#### Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
On / ahead of schedule	Continue to seek out existing and new funding opportunities	To assist in ensuring adequate funding for delivery.	Adrian Welsh	10/06/2019	17/09/2019	Satisfactory (2)
On / ahead of schedule	partnership working	Continue to work closely with delivery partners to gain advance warning of difficulties so as to seek to mitigate	Adrian Welsh	10/06/2019	17/09/2019	Satisfactory (2)
On / ahead of schedule	Project Management	Continue rigorous project management, monitoring and reporting	Adrian Welsh	10/06/2019	17/09/2019	Satisfactory (2)
<b>Current Status: Medium (12)</b>		<b>Current Risk Severity: 4 - High</b>		<b>Current Risk Likelihood: 3 - Medium</b>		
<b>Service Manager: Jenny Clifford</b>						
<b>Review Note:</b> See mitigating actions						

### **Risk: Funding** Insufficient resources (including funding) to deliver growth aspirations of Corporate Plan.

**Service: Growth, Economy and Development**

#### Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
On / ahead of schedule	Officers have reprioritised work programmes to explore new funding opportunities	End of European funding sources	Adrian Welsh	10/06/2019	10/06/2019	Satisfactory (2)
<b>Current Status: High (16)</b>		<b>Current Risk Severity: 4 - High</b>		<b>Current Risk Likelihood: 4 - High</b>		
<b>Service Manager: Adrian Welsh</b>						
<b>Review Note:</b> Uncertainty as to whether funding will continue in current political climate.						

## Corporate Risk Management Report - Appendix 6

**Risk: GDPR compliance** That the Council cannot demonstrate that we are complaint with GDPR requirements.

**Service: Governance**

### Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
On / ahead of schedule	IDOX Records Handling Plan	To utilize IDOX bulk data handling tool across the Council services using Uniform	Catherine Yandle	01/03/2019	11/08/2019	Satisfactory (2)
On / ahead of schedule	Records Management Action Plan	To improve identified issues with records management	Catherine Yandle	15/06/2018	11/08/2019	Satisfactory (2)
<b>Current Status: Medium (10)</b>		<b>Current Risk Severity: 5 - Very High</b>		<b>Current Risk Likelihood: 2 - Low</b>		
<b>Service Manager: Catherine Yandle</b>						
<b>Review Note:</b> See mitigating actions						

**Risk: Health and Safety** Inadequate Health and Safety Policies or Risk Assessments and decision-making could lead to Mid Devon failing to mitigate serious health and safety issues

**Service: Human Resources**

### Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
Completed and evaluated	Risk Assessments	Review risk assessments and procedures to ensure that we have robust arrangements in place.  In progress ready for September reports.	Michael Lowe	28/05/2013	15/11/2018	Fully effective (1)
<b>Current Status: Medium (10)</b>		<b>Current Risk Severity: 5 - Very High</b>		<b>Current Risk Likelihood: 2 - Low</b>		
<b>Service Manager: Michael Lowe</b>						
<b>Review Note:</b> Whilst there is an improvement in procedures the safety reviews carried out still show further work is required in implementing these into the work place						

## Corporate Risk Management Report - Appendix 6

**Risk: Homelessness** Insufficient resources to support an increased homeless population could result in failure to meet statutory duty to provide advice and assistance to anyone who is homeless.

### Service: Housing Services

#### Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
Completed and evaluated	Computer System	New ICT system for recording homelessness data procured.	Claire Fry	05/09/2017	13/09/2019	Fully effective (1)
Completed and evaluated	Staff Support	Officers are trained and knowledgeable and the structure of Housing Options team to be reviewed to build resilience.  Homelessness strategy to be reviewed Autumn 2019.	Claire Fry	22/06/2017	13/09/2019	Fully effective (1)
<b>Current Status: Medium (12)</b>		<b>Current Risk Severity: 4 - High</b>		<b>Current Risk Likelihood: 3 - Medium</b>		
<b>Service Manager: Claire Fry</b>						
<b>Review Note: See mitigating actions</b>						

## Corporate Risk Management Report - Appendix 6

**Risk: Information Security** Inadequate data protection could lead to breaches of confidential information and ultimately enforcement action by the ICO.

**Service: Governance**

### Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
On / ahead of schedule	Awareness and Training	Attend team meetings and other meetings such as Tenants Together to provide training and answer questions on request. Articles in the Link on an ad hoc basis.	Catherine Yandle	09/08/2019	11/08/2019	Satisfactory (2)
On / ahead of schedule	Breach notification	Security breaches are logged via the helpdesk and monitored for developing trends. Training and advice is offered in response to items logged.	Catherine Yandle	09/08/2019	11/08/2019	Satisfactory (2)
<b>Current Status: High (15)</b>		<b>Current Risk Severity: 5 - Very High</b>		<b>Current Risk Likelihood: 3 - Medium</b>		
<b>Service Manager: Catherine Yandle</b>						
<b>Review Note: See mitigating actions</b>						

## Corporate Risk Management Report - Appendix 6

**Risk: Infrastructure delivery** Inability to deliver, or delay in delivering, key transport infrastructure to unlock planned growth

**Service: Growth, Economy and Development**

### Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
On / ahead of schedule	Partnership working with infrastructure providers and statutory bodies	Reduce risk of delays and communication.	Adrian Welsh	10/06/2019	17/09/2019	Satisfactory (2)
On / ahead of schedule	target funding opportunities	To seek to bring forward delivery	Adrian Welsh	10/06/2019	17/09/2019	Satisfactory (2)

**Current Status: Medium (12)**

**Current Risk Severity: 4 - High**

**Current Risk Likelihood: 3 - Medium**

**Service Manager: Jenny Clifford**

**Review Note:** See mitigating actions

**Risk: Localism Act - Community Right to Buy / Challenge** Transference of services to the community could enable the Council to identify cost savings

**Service: Financial Services**

### Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
On / ahead of schedule	This is an opportunity - Communication with third parties needed		Jo Nacey	02/08/2019	02/08/2019	Satisfactory(2)

**Current Status: Medium (12)**

**Current Risk Severity: 4 - High**

**Current Risk Likelihood: 3 - Medium**

**Service Manager: Jo Nacey**

**Review Note:** See mitigating actions

## Corporate Risk Management Report - Appendix 6

**Risk: Overall Funding Availability** Changes to Revenue Support Grant, Business Rates, New Homes Bonus and other funding streams in order to finance ongoing expenditure needs.

**Service: Financial Services**

### Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
On / ahead of schedule	Engaging in commercial activities		Jo Nacey	28/09/2017	13/09/2019	Satisfactory(2)
On / ahead of schedule	Medium term planning		Jo Nacey	28/09/2017	13/09/2019	Satisfactory(2)
On / ahead of schedule	We continue to work with managers to reduce costs and explore new income streams		Jo Nacey	07/02/2019	13/09/2019	Satisfactory(2)
<b>Current Status: High (15)</b>		<b>Current Risk Severity: 5 - Very High</b>		<b>Current Risk Likelihood: 3 - Medium</b>		
<b>Service Manager: Jo Nacey</b>						
<b>Review Note:</b> See mitigating actions						

## Corporate Risk Management Report - Appendix 6

**Risk: Reduced Funding - Budget Cuts** We are subject to continuing budget reductions. If we concentrate on short term cost savings, it may increase long term impact of decisions

**Service: Financial Services**

### Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
On / ahead of schedule	Business Plans	Service Business Plans are reviewed each financial year with suggestions for revised performance targets based on budget to be agreed by Cabinet Member and PDG.	Jo Nacey	28/05/2013	13/09/2019	Satisfactory (2)
On / ahead of schedule	Identify Efficiencies	Taking proactive steps to increase income and reduce expenditure through efficiencies, vacancies that arise and delivering services in a different way.	Andrew Jarrett	28/05/2013	13/09/2019	Satisfactory (2)
On / ahead of schedule	Reserves	Cabinet have taken the decision to recommend a minimum general reserve balance of 25% of Net annual budget.	Andrew Jarrett	28/05/2013	13/09/2019	Satisfactory (2)
On / ahead of schedule	Set Budget	Each year as part of the budget setting process, members are consulted via PDGs in time to evaluate savings proposals, ahead of the November draft budget.	Andrew Jarrett	28/05/2013	13/09/2019	Satisfactory (2)

**Current Status: High (20)**

**Current Risk Severity: 5 - Very High**

**Current Risk Likelihood: 4 - High**

**Service Manager: Jo Nacey**

## Corporate Risk Management Report - Appendix 6

**Review Note:** See mitigating actions

**Risk: Reputational damage - social media** impact of reputational damage through social media is a significant risk that warrants inclusion on the Authority's risk register.

**Service: Communications**

### Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
On / ahead of schedule	Monitoring social media	Two members of the communications team monitor the main corporate social media accounts on a rota basis. Alerts are also set up so the team receives notification of comments and can respond as appropriate. This is monitored in office hours only and the team does not provide 24 hour monitoring or a call out function. The Comms Team also works with other local authorities and takes part in social media training with other local authorities as the opportunities arise budgets permitting.	Jane Lewis	05/06/2019	05/06/2019	Satisfactory (2)

**Current Status: Medium (10)**

**Current Risk Severity: 5 - Very High**

**Current Risk Likelihood: 2 - Low**

**Service Manager: Jane Lewis**

**Review Note:** See mitigating actions

## Corporate Risk Management Report - Appendix 6

**Risk: Reputational re Council Housing Stock** Failure in handling a disaster/mistake properly

**Service: Housing Services**

**Mitigating Action records**

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
Completed and evaluated	Proactive Working	Dynamic system of fire risk assessment being adopted to minimise risk of a disaster. Tenancy Home Checks enable us to identify issues in homes; and communal inspections and Neighbourhood Walkabouts enable us to identify issues in communal areas which could result in a disaster.	Claire Fry	05/09/2017	13/09/2019	Fully effective(1)
Completed and evaluated	Staff Support	Trained staff who are knowledgeable and have a comprehensive suite of housing related policy and procedures in place. These include procedures in case of disaster.	Claire Fry	05/09/2017	13/09/2019	Fully effective(1)
<b>Current Status: Medium (10)</b>		<b>Current Risk Severity: 5 - Very High</b>		<b>Current Risk Likelihood: 2 - Low</b>		
<b>Service Manager: Claire Fry</b>						
<b>Review Note: See mitigating actions</b>						

**Risk: S106 Agreement** Inability of the legacy systems to provide a full overview of the 'trigger points' for all of the s106 agreements

**Service: Planning**

**Mitigating Action records**

No Mitigating Action records found.

**Current Status: No Data** **Current Risk Severity: 5 - Very High** **Current Risk Likelihood: 2 - Low**

**Service Manager: Jenny Clifford**

**Review Note: S106 requirements have been comprehensively databased and reconciled against financial system allowing for more accuracy and confidence in monitoring**

## Corporate Risk Management Report - Appendix 6

**Risk: Software failure** loss of electoral register and election information

**Service: Elections and Electoral Registration**

**Mitigating Action records**

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
Completed and evaluated	Data Back-up	Back-up data every night	Jackie Stoneman	05/07/2012	08/10/2018	Fully effective(1)
<b>Current Status: Medium (12)</b>		<b>Current Risk Severity: 4 - High</b>		<b>Current Risk Likelihood: 3 - Medium</b>		
<b>Service Manager: Jill May</b>						
<b>Review Note: See mitigating actions</b>						

## Corporate Risk Management Report - Appendix 6

**Risk: SPV - 3 Rivers - Failure of the Company** This will depend on Economic factors and the Company's success in the marketplace commercially.

For MDDC the impacts will be:

3 Rivers are unable to service and repay the loan from MDDC

Not receiving the forecast additional income

Not supporting corporate objectives.

### Service: Financial Services

#### Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
On / ahead of schedule	Quarterly Officer Programme Board	Will receive detailed project updates and will ensure performance correlates with existing metrics, budgets, timetable and considers any specific material project risks that have been identified. Anything materially o/s of project confines would then be reported to Cabinet	Catherine Yandle	13/06/2019	13/09/2019	Satisfactory (2)
On / ahead of schedule	Regular monitoring	The Board of 3 Rivers deliver a half yearly report to the Cabinet which provides an update on their delivery against their business plan. We charge interest to them at a commercial rate in order to maintain an "arms-length" relationship and the interest provides some mitigation to the outstanding principal.	Jo Nacey	30/05/2019	13/09/2019	Satisfactory (2)

**Current Status: High (20)**

**Current Risk Severity: 5 - Very High**

**Current Risk Likelihood: 4 - High**

**Service Manager: Jo Nacey**

**Review Note:** See mitigating actions

## Corporate Risk Management Report - Appendix 6

**Risk: SPV Disclosure requirements - 3 Rivers** Failing to maintain the balance between commercial sensitivity and the transparency and openness requirements of a wholly owned entity.

**Service: Financial Services**

### Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
On / ahead of schedule	Employed services of Ichabod	We can refer technical matters regarding group accounts etc. to our retained technical advisor. This is a cost effective way of receiving technical updates	Jo Nacey	02/01/2018	13/09/2019	Satisfactory (2)
<b>Current Status: Medium (12)</b>		<b>Current Risk Severity: 4 - High</b>		<b>Current Risk Likelihood: 3 - Medium</b>		
<b>Service Manager: Jo Nacey</b>						
<b>Review Note: See mitigating actions</b>						

## Corporate Risk Management Report - Appendix 6

**Risk: SPV Governance Arrangements - 3 Rivers** Not being able to demonstrate robust challenge and decision-making.

**Service: Governance**

### Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
On / ahead of schedule	Included on AGS	This issue has been included on the Annual Governance Statement Action Plan so we do not lose sight of the issue throughout the year.	Catherine Yandle	15/07/2019	06/09/2019	Satisfactory (2)
Behind schedule	Openness and Transparency	Regular reports to Cabinet in open session where possible.  Need to balance commercial interests with Nolan principles.	Catherine Yandle	20/05/2019	06/09/2019	Poor - action required(3)
<b>Current Status: Medium (10)</b>		<b>Current Risk Severity: 5 - Very High</b>		<b>Current Risk Likelihood: 2 - Low</b>		
<b>Service Manager: Catherine Yandle</b>						
<b>Review Note: See mitigating actions</b>						

## Corporate Risk Management Report - Appendix 6

**Risk: ST-Reduction in Garden Waste Customers** Loss of income; reduction in recycling rate

**Service: Street Scene Services**

### Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
Completed and evaluated	Reminder to renew correspondence	To maintain the existing customer base	Lorraine Durrant	06/06/2019	05/07/2019	Fully effective (1)
Completed and evaluated	Social media campaigns & publicity	To ensure that information about the garden waste service reaches as many residents as possible	Lorraine Durrant	06/06/2019	05/07/2019	Fully effective (1)
<b>Current Status: Medium (12)</b>		<b>Current Risk Severity: 4 - High</b>		<b>Current Risk Likelihood: 3 - Medium</b>		
<b>Service Manager: Stuart Noyce</b>						
<b>Review Note: See mitigating actions</b>						

## Corporate Risk Management Report - Appendix 6

**Risk: Tiverton Pannier Market** Failure to maximise the economic potential of Tiverton Pannier Market

**Service: Growth, Economy and Development**

### Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
On / ahead of schedule	Continue to retain and prioritise market budget	To ensure most efficient use of resources	Adrian Welsh	10/06/2019	17/09/2019	Satisfactory (2)
On / ahead of schedule	continue to work with traders on promotion	To increase footfall.	Adrian Welsh	10/06/2019	17/09/2019	Satisfactory (2)
On / ahead of schedule	Implement and review market strategy	Implementation of strategy will increase market's financial success and help fulfill its function as a key driver for the town.	Adrian Welsh	10/06/2019	17/09/2019	Satisfactory (2)
On / ahead of schedule	Masterplan Implementation	To realise benefits from the Masterplan to increase visibility of market and increase footfall.	Adrian Welsh	10/06/2019	17/09/2019	Satisfactory (2)
<b>Current Status: Medium (12)</b>		<b>Current Risk Severity: 4 - High</b>		<b>Current Risk Likelihood: 3 - Medium</b>		
<b>Service Manager: Jenny Clifford</b>						
<b>Review Note:</b> See mitigating actions						

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Print Date: 19 September 2019  
16:22

# Risk Matrix

Report  
 Filtered by Prefix: Exclude Risk Prefix: OP, EV  
 For MDDC - Services  
 Current settings

<b>Risk Likelihood</b>	<b>5 - Very High</b>	<b>No Risks</b>	<b>No Risks</b>	<b>No Risks</b>	<b>No Risks</b>	<b>1 Risk</b>
	<b>4 - High</b>	<b>No Risks</b>	<b>No Risks</b>	<b>No Risks</b>	<b>1 Risk</b>	<b>3 Risks</b>
	<b>3 - Medium</b>	<b>No Risks</b>	<b>No Risks</b>	<b>7 Risks</b>	<b>10 Risks</b>	<b>2 Risks</b>
	<b>2 - Low</b>	<b>No Risks</b>	<b>3 Risks</b>	<b>16 Risks</b>	<b>14 Risks</b>	<b>5 Risks</b>
	<b>1 - Very Low</b>	<b>No Risks</b>	<b>3 Risks</b>	<b>4 Risks</b>	<b>4 Risks</b>	<b>4 Risks</b>
		<b>1 - Very Low</b>	<b>2 - Low</b>	<b>3 - Medium</b>	<b>4 - High</b>	<b>5 - Very High</b>
		<b>Risk Severity</b>				

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

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## AUDIT COMMITTEE 8 OCTOBER 2019

### PROGRESS UPDATE ON THE ANNUAL GOVERNANCE STATEMENT ACTION PLAN

**Cabinet Member** Cllr Bob Deed, Leader  
**Responsible Officer** Catherine Yandle, Group Manager Performance, Governance and Data Security

**Reason for Report:** To provide the Committee with an update on progress made against the Annual Governance Statement 2018/19 Action Plan.

**RECOMMENDATION(S):** The Committee note the progress update

**Relationship to the Corporate Plan:** Having good governance arrangements and an effective internal control environment is a fundamental element of being a well-managed council.

**Financial Implications:** None arising from this report.

**Legal Implications:** None arising from this report.

**Risk Assessment:** Failure to monitor progress against the Annual Governance Statement Action Plan could result in comment from the external auditors when they next review the Annual Governance Statement.

**Equality Impact Assessment:** No equality issues identified for this report.

**Impact on Climate Change:** No impacts identified for this report.

#### 1.0 Introduction

- 1.1 The purpose of this report is to provide Members of the Committee with an update on the progress that has been made against the actions in the Annual Governance Statement Action Plan since the Audit Committee approved it on 15 July 2019.
- 1.2 The Action Plan is attached as Appendix A and progress updates have been noted on the document. There were 8 issues identified in the 2018/19 Annual Governance Statement. No items were due for completion until 30 September 2019; 2 have been completed, a verbal update will be given on the remainder at the meeting.
- 1.3 Progress against the Action Plan will be reported at each Audit Committee. There is a column for RAG status to make progress clearer.

**Contact for more Information:** Catherine Yandle Group Manager Performance, Governance and Data Security ext 4975

**Circulation of the Report:** Leadership Team and Cabinet Member

**List of Background Papers:** None

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## Annual Governance Statement (2018/19)

Annual Governance Statement 2018-19 Action Plan				
Issues Identified	Action to be taken	By whom and progress	When	Status
1. The Internal Audit report for Development Control identified “Improvements Required” with regard to the inability of the legacy systems to provide a full overview of the ‘trigger points’ for all of the s106 agreements.	A project to address this is ongoing through use of specialised software, although populating the system is time consuming as many of the s106 agreements are complex. The current position is being reviewed by senior management.	The Head of Planning, Economy and Regeneration  An updated database of S106 records has been put in place. A Group Manager Working Group has been set up to do further work on this with a deadline of the end of September.	30 September 2019	
	An options report has been prepared by ICT to consider software options to manage, track and report S106 requirements and payments.	ICT to develop in house software solution for S106. Final decision to be taken in March 2020 over whether to continue use of existing system for CIL purposes.	31 March 2020	
2. Increase ethics awareness training in the staff induction process	Write an ethics training module in the new Learning Management System for the mandatory induction process	Director of Business Transformation and Corporate Affairs  The new “evolve” communications project is wrapping up these themes. However culture and ethics audit in 2018/19 was of a “good” standard	30 September 2019	
3. Continue to strengthen the link between finance and performance during 2019/20, particularly in the light of budget cuts and cost savings requirements.	All Members’ Budget Prioritisation Away Day	Deputy Chief Executive	6 September 2019	
	Monitor savings on a scheme be scheme basis		31 October 2019	

## Annual Governance Statement (2018/19)

<p>4. The internal audit report on risk management opinion was “The quality of information about risks and the mitigating action of those risks required significant improvement to enable the risk register and risk management framework to be an effective tool to protect the Council’s activities”.</p>	<p>Amendments to the reports have been made already with the June committee reports, further improvements are planned over the next couple of months.</p>	<p>Director of Business Transformation and Corporate Affairs</p>	<p>Deadline agreed with Internal Audit 30 September 2019</p>	
<p>5. An Internal Audit Report on 3 Rivers states “We consider that the current developing position of the Company and the level of risk and investment into this new venture represents a significant risk to the Authority.”</p>	<p>We have reviewed the risks on the Corporate Risk Register to reflect the findings of the Internal and External audit reports. This will be regularly monitored and updated where appropriate.</p>	<p>Deputy Chief Executive</p>	<p>30 September 2019</p>	
<p>6. Separate bodies created by local authorities should abide by the Nolan principle of openness, and publish their board agendas and minutes and annual reports in an accessible place. Best Practice 14 from Ethical Standards in Local Government A Review by the Committee on</p>	<p>The Council has to balance the requirements for openness and transparency of Council business and decision-making versus commercial sensitivity of 3RDL.</p> <p>This will be considered on a case by case basis with reference to the legislation which requires Members to vote</p>	<p>Deputy Chief Executive</p> <p>The Standards Working Group has reviewed this report and the best practice guidance. The Monitoring Officer is looking at the issue of board minutes etc.</p>	<p>31 October 2019</p>	

## Annual Governance Statement (2018/19)

Standards in Public Life January 2019	to go into Part 2 when required.			
7. The Equality Objective for 2018/19 to review the work of, and work towards the revival of, the Corporate Equalities Group has not yet been completed. Although some progress has been made this will continue to be the Equality Objective for 2019/20.	This is being worked on together with Communications and in accordance with the Community Engagement Strategy and Action Plan	Director of Business Transformation and Corporate Affairs	31 March 2020	
8. The current economic situation is likely to continue to see a reduction in the number of staff employed by the Authority. We have identified that this presents a potential risk to our ability to retain the skills and experience needed. Measures are being implemented to combat this risk.	Skills Audit to be completed by collecting information as part of the appraisal process and utilisation of the LMS system to record qualifications and experience.  The new “Evolve” project is wrapping up these themes.	Director of Business Transformation and Corporate Affairs  The new GM for HR has set out a series of practical steps to ensure “Evolve” is fully implemented. This includes the following:  An immediate focus on the completion of Appraisal 19/20 The carrying out of an audit of the above process The implementation of a new Appraisal and Competency process followed by completion of the skills audit	30 September 2019  31 October 2019  April 2020  September 2020	

Green is completed

Amber is in Progress

Red is not completed

White is not due for completion yet

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# Internal Audit

## Audit Progress Report 2019-20

### Mid Devon District Council Audit Committee

Page 95

October 2019

1 year's Audit Review

10 years in Partnership

100s of years Experience

Celebrating our 10th Anniversary 2009 - 19

devon audit partnership  
Continuous Assurance

Robert Hutchins  
Head of Audit Partnership

Auditing for achievement

Agenda Item 8.

CUSTOMER  
SERVICE  
EXCELLENCE



## Introduction

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

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

The Internal Audit plan for 2019/20 was presented and approved by the Audit Committee in March 2019. The following report and appendices set out the background to audit service provision; a review of work undertaken in 2019/20 and provides an opinion on the overall adequacy and effectiveness of the Authority's internal control environment.

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

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

Audit Committee members are requested to consider:

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

In review of the above the Audit Committee are required to consider the assurance provided alongside that of the Executive, Corporate Risk Management and external assurance including that of the External Auditor as part of the Governance Framework and satisfy themselves from this assurance that the internal control framework continues to be maintained.

## Robert Hutchins

<b>Contents</b>		Page
Introduction		1
Opinion Statement		2
Executive Summary Audit Results		2
Value Added		3
Audit Coverage & Progress Against Plan		3
Fraud and irregularity		3
<b>Appendices</b>		
1 – Summary of Audit Results		4
2 – Performance Indicators		7

# Head of Devon Audit Partnership

Page 57

## Opinion Statement

**Overall, based on work performed during 2019/20 and our experience from the current year progress and previous years' audit, the Head of Internal Audit's Opinion is of "Substantial Assurance" on the adequacy and effectiveness of the Authority's internal control framework.**

*This opinion statement will support Members in their consideration for signing the Annual Governance Statement.*

Internal Audit assesses whether key, and other, controls are operating satisfactorily within audit reviews, 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.

Implementation of action plans is the responsibility of management yet may be reviewed during subsequent audits or as part of a specific follow-up process.

Directors and Senior Management have been provided with details of Internal Audit's opinion on each audit review to assist them with compilation of their individual annual governance assurance statements at year end.

Full Assurance	Risk management arrangements are properly established, effective and fully embedded, aligned to the risk appetite of the organisation. The systems and control framework mitigate exposure to risks identified & are being consistently applied in the areas reviewed.
<b>Substantial 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.
Limited Assurance	Inadequate risk management arrangements and weaknesses in design, and / or inconsistent application of controls put the achievement of the organisation's objectives at risk in a number of areas reviewed.
No Assurance	Risks are not mitigated and weaknesses in control, and / or consistent non-compliance with controls could result / has resulted in failure to achieve the organisation's objectives in the areas reviewed, to the extent that the resources of the Council may be at risk, and the ability to deliver the services may be adversely affected.

## Executive Summary of Audit Results

**Core Audits** we have completed several reviews covering the Council's key financial controls including housing benefits, debtors and main accounting systems where reports will be produced shortly. The focus this year will, as agreed in the audit plan, be on review and documentation of the control environment with focused testing on 'hotspot' areas rather than wide ranging compliance testing.

No material issues have been identified to date and assurance is and will be of good to high standard in these reviews. Our review of the housing benefits system found the control framework to be of a high standard.

**Risk Based Audits** have formed the majority of the work in the first part of the year. Opinions for the current period are included in appendix 2 to this report.

Findings have generally found a good level of control and opportunity value for improvement in achievement of objectives.

Of particular note is the 'High standard' of assurance seen in some reviews:

- Asset Management;

Our reviews provide assurance of a sound internal control framework that is generally operating as required.

### Other Work

- Audit Committee guidance on effectiveness of the committees governance arrangements;
- Analysis of members knowledge and skills to identify training opportunities

Tender documents have been verified as usual.

## Value Added

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

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

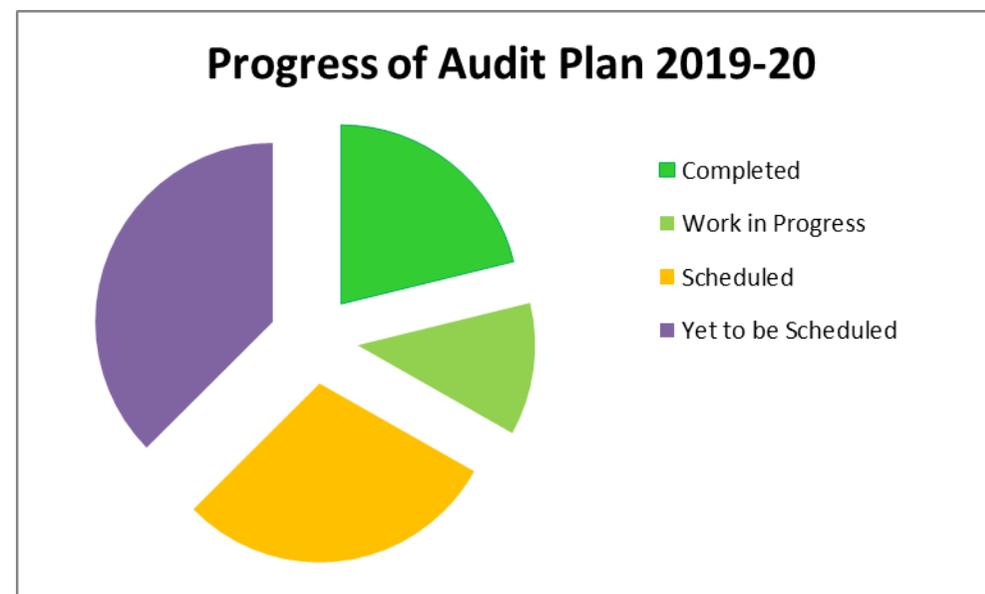
We have been working with the Authority's External Auditors to provide a joint review of the housing benefits subsidy claim for 2018/19 with a particular focus on the 'Discovery Testing'. We will work together with the Housing Benefits Team supported by the oversight of the External Auditor. This joint work should provide benefits to all parties in knowledge sharing, skill development and resource management.

## Audit Coverage and Performance Against Plan

Performance against plan has initially remains slow through the holiday season though scheduling shows work to be gaining pace. We have scheduled resource from three additional staff covering some specialist areas (including ICT) over the next few months. It is generally as expected that the larger proportion of the work to be completed in the second half of the year. This is due in part to leave arrangements and the continued development of the audit approach. It is expected that DAP will complete the audit plan by year end. Work will be prioritised to the core financial systems in the coming 3 months to fit with External Audit requirements.

The pie charts right shows the progress of audit against plan. The work completed in this period is primarily risk based work with some core key financial systems being commenced now.

Appendix 1 to this report provides a summary of the audits undertaken since our last progress report in August 2019, along with our assurance opinion. Where a "high standard" or "good standard" of audit opinion has been provided we can confirm that, overall, sound controls are in place to mitigate exposure to risks identified; where an opinion of "improvements required" has been provided then issues were identified during the audit process that required attention. We have provided a summary of some of the key issues reported that are being addressed by management. It should be pointed out that we are content that management are appropriately addressing these issues.



**Key performance indicators** on progress against audit recommendations reveals that the Council continues to make progress though there remain several recommendations outstanding from prior year audits. See appendix 2. We have been working with the Council to improve procedures to ensure that these are monitored more effectively such that they are brought to a close more quickly.

## Fraud Prevention and Detection

There have been no reviews this period.

**Customer Satisfaction** – satisfaction returns specific to MDDC have yet to be received this year though in general for DAP, survey returns score 98% satisfaction year to date.

## Appendix 1 – Summary of audit reports and findings for 2019/20

### Risk Assessment Key

Spar – 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

### Direction of Travel Assurance 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.

Risk Area / Audit Entity	Audit Report					
	Assurance opinion	Executive Summary / Residual Risk	Summary of Recommendations High / Med / Low			Direction of Travel Assurance
<b>Risk Based Reviews</b>						
<b>Housing Benefits</b> Risk / ANA: ANA – High  Page 60	Good Standard  Status: Draft	<p>Our review has found that the control framework for ensuring that benefit payments are processed accurately, overpayments are monitored and recovery of any overpayments is considered to be of a high standard. This is evident where the Housing Benefits Team were found to carry out regular monitoring of performance to ensure accuracy and speed of processing claims. Performance is reported to the Director of Finance, Assets and Resources on a monthly basis and to Cabinet annually where last years report outlined that the time for processing new claims and changes in circumstances are well below the national averages, placing their performance in the top quartile nationally.</p> <p>There remain two areas where previous recommendations on systems user accounts and systems recovery procedures remain incomplete from our last review though we understand these are currently being reviewed. Removal of 'staff movers' from systems access remains the more concerning of these recommendations and a wider issue that is being addressed through a separate ICT audit report.</p>	0	4	0	 *
<b>Debtors</b> Risk / ANA: ANA – Med	Good Standard  Status: Audit completed	<p>Our review has been concluded and the draft report is being prepared for consideration by management.</p> <p>Outline conclusions are of a good level of assurance that there is a robust framework of control in place.</p> <p>We have undertaken some analysis of data quality within the debtors master file during the course of the review and have identified several areas for improvement including:</p> <ul style="list-style-type: none"> <li>- removal of old records (data protection requirements);</li> <li>- debtor name recording (to reduce poor recovery risk);</li> <li>- future digital improvement opportunities (debtor categorisation and contact info).</li> </ul>				n/a

Risk Area / Audit Entity	Audit Report					
	Assurance opinion	Executive Summary / Residual Risk	Summary of Recommendations High / Med / Low			Direction of Travel Assurance
<b>Main Accounting System</b> Risk / ANA: ANA – High	Good Standard  Status: Audit completed	Our review has been concluded and the draft report is being prepared for consideration by management.  Outline conclusions are of a Good level of assurance that there is a robust framework of control in place that has seen improvement since our last review.				n/a
<b>Risk Based Reviews</b>						
<b>Asset Management</b> Risk / ANA: ANA – Low Spar 3x3=9 Med/Orange  Page 61	High Standard  Status: Final	Our review found that there is a high level of assurance that MDDC has established a robust Asset Management Strategy, to ensure the effective management and monitoring of Council assets. Evidence relating to the completion of targets within the action plan should be documented and reported to improve performance monitoring and transparency.  Progress in currently being made to update the Capital asset database held in the Uniform (CAPS) System, recording ownership and leasing information held within Legal deeds. This will improve access to information for the Corporate Property and Commercial Assets (CPCA) service. Progress with this exercise should be monitored to ensure this is completed within the expected timeframe. There also needs to be sufficient training given to the CPCA Business Support Team once the responsibility for maintaining the information is transferred to CPCA to ensure that the database continues to be managed and maintained effectively.  The VFM exercise included in the CPCA business plan for 2019/20 will provide meaningful performance information to the Council on how MDDC asset management is performing, against other local authorities.	0	2	2	
<b>Safeguarding</b> Risk / ANA: ANA – High Spar 5x2=10 Med/Orange	Good Standard  Status: Final	This review was reported as part of the annual report in August 2019. Recommendations have now been finalized and management action agreed.	2	4	0	

Risk Area / Audit Entity	Audit Report		
	Assurance opinion	Executive Summary / Residual Risk	Summary of Recommendations High / Med / Low
<p>The following audits have been completed:            Draft reports are being prepared for:</p> <ul style="list-style-type: none"> <li>- Housing Benefits,</li> <li>- Debtors,</li> <li>- Main Accounting</li> <li>- Housing Services - Adaptations</li> </ul> <p>No material concerns have been identified with these reviews. Opinions will be provided in the December progress report.</p> <p>The remaining plan work is scheduled for completion by the year end.            We are bringing in three additional staff with different skill sets for specific audits including ICT</p>			

## Appendix 2 – Performance Indicators

Incomplete Audits	Year	Recommendations									Direction of Travel R,A,G			
		High			Medium			Low				Total		
		C	N	O	C	N	O	C	N	O		C	N	O
Standby	2016				2		1				2	0	1	IR
Care Services - Alarm Call	2017	2		2	3						5	0	2	IR
Development Management S106	2017			2		1	2				0	1	4	IR
Payroll	2017	3			6		1				9	1	0	OR
ICT Inventory	2017	2			3		1				5	0	1	OR
Procurement	2018			1	4						4	0	1	OR
Housing Rents	2018	3	1		4		2				7	1	2	OR
VAT - Partial Exemption	2018			2	1		1	2			3	0	3	OR
Equality Impact Assessment	2018		1		3					1	3	1	1	OR
Partnerships - Building Control	2018	2			3	3	2				5	3	2	OR
Creditors	2018				1		3	1	2		2	0	5	OR
Housing Health & Safety	2018	1				6	9	1	1		2	7	9	OR
Vehicles & Fuel	2015	5			6		1				11	1	0	GT
Insurance	2017	1			3					1	4	0	1	GT
Housing Benefits	2018					2	0	1			1	2	0	GT
Ctax and NNDR and recovery	2018	1			1	1	1	3			5	1	1	GT
Business Continuity Planning	2018					2					0	2	0	GT
Culture and Ethics	2018				2			1	1		3	1	0	GT
Leisure CVSC	2018				5		1				5	1	0	GT
Grounds Maintenance	2018				2		1	2			4	1	0	GT
Risk Management	2018		6			7				0	0	13	0	GT
Safeguarding	2019		2			4					0	6	0	GT
Private Sector Housing	2019					5		1	1		1	6	0	GT
Housing Lettings	2019					1					0	1	0	GT
ICT Service Transition	2019		4			8					0	12	0	GT
		20	14	7	49	46	22	12	5	4	81	65	33	GT

Comments

Will be taken into account during a review of the whole Standby Service, extended to end of 2019.

We are waiting for the impact of the West Somerset and Taunton Deane merger (to form Somerset West and Taunton) to be known in terms of call centre capacity/provisioning.

Progress being monitored by LT. S106 Governance arrangements to be approved by Cabinet. Reconsidering systems design. CIL action plan Call logged with Zellis, awaiting information on how to set up auditing using the auditing report

Create a policy for returning equipment

Corporate Procurement Strategy outstanding.

Officers now allocating time each week to carry out work to deal with backlog of refunds for accounts in credit. ICT helpdesk request raised for workflow Review process has been added to the VAT calculation, further elements will be built into the wider VAT monitoring process.

Incorporated some actions into Customer Engagement Strategy. Target extended to August 2019.

Draft policy had now been written & is with GM working group for sign off.

Insurance checks for external contractors - in discussion with Procurement.

These outstanding recommendations relate to ICT functions. AK has reviewed and extended the completion dates. This relates to s106 developer payment (sundry debt raised). Developer continuing to pay monthly at a rate of £2k per month. Outstanding debt is currently £156K

New procedures in place. Amended target date to reflect on-going review/testing of process in partnership with HR. Departmental SLA's for grass cutting

Risk register - front line services. Requests sent to GM's to add to SPAR

CORE
SYSTEM

**C = Completed**

45%

**N= Not yet due**

36%

**O= Overdue**

18%

 Not progressing 

 Progressing some overdue 

 On Target 

\* report just issued

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## Devon Audit Partnership

The Devon Audit Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay, Devon & Torridge councils. We aim to be recognised as a high quality internal audit service in the public sector. We work with our partners by providing a professional internal audit service that will assist them in meeting their challenges, managing their risks and achieving their goals. In carrying out our work we are required to comply with the Public Sector Internal Audit Standards along with other best practice and professional standards.

The Partnership is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on our service, processes or standards, the Head of Partnership would be pleased to receive them at [robert.hutchins@devonaudit.gov.uk](mailto:robert.hutchins@devonaudit.gov.uk).

## AUDIT COMMITTEE 8<sup>TH</sup> OCTOBER 2019

### Effectiveness of the Audit Committee - Self-Assessment

**Cabinet Member**                      **Cllr Bob Deed**  
**Responsible Officer**                **Audit Manager, David Curnow**

**Reason for Report:**                To consider the Chartered Institute of Public Finance and Accountancy (CIPFA) self-assessment checklist for Audit Committees.

**RECOMMENDATION(S):** It is for Members to acknowledge their performance in their role as the Audit Committee against the CIPFA checklist and to decide in which areas they have evidence of their effectiveness, progress made since the last review (Sept 2018) and which areas they would suggest could be developed further.

The Checklist should be completed to show the Committee's achievements so far against the CIPFA requirements and to identify any improvements or amendments that could be taken forward.

Results of the Audit Committee knowledge and skills survey be considered (separately from the meeting) and any suggested training opportunity be considered as an action for item 16 of appendix A attached.

**Relationship to Corporate Plan:** An effective Audit Committee plays a fundamental role in assisting the Council with its governance and assurance process.

**Financial Implications:**    None

**Legal Implications:**            None

**Compliance with Policies and Strategies:** Compliance with CIPFA guidance follows best practice.

**Risk Assessment:** If the Audit Committee is ineffective or perceived to be ineffective then the Council may receive no assurance on whether its governance arrangements, risk management and control environment are operating adequately. This would lead to censure by the external auditors and any allegations of mismanagement and poor control could not be defended. This review provides an opportunity for the Committee to consider how effective it is and to address any improvements identified.

**Equality Impact Assessment:** No equality issues identified for this report.

### 1.0 INTRODUCTION

1.1. It is acknowledged best practice for audit committees of local authorities to comply with the guidance provided by CIPFA. In accordance with this Members approved the adoption of the statement of purpose, core functions and terms of reference for the Audit & Governance Committee and these are set out in the Council's Constitution. There are diverse aspects to the role of Members appointed to an audit committee and CIPFA provide a useful self-assessment checklist that can be used periodically to monitor the effectiveness of an Audit Committee. It is timely

to re-visit progress and identify any further improvements that can be taken forward.

1.2. In March 2018 CIPFA (Chartered Institute of Public Finance & Accountancy) issued updated guidance on the function and operation of audit committees, including an updated “self-assessment of good practice” (see Appendix A) showing areas where it is known the Audit and Governance Committee meet Good Practice.

1.3. The new / updated elements of the checklist are shown in italic and blue text in Appendix A to this report. The checklist has initially been completed by the DAP Partnership Manager and consultation with The Chair of Audit Committee, this is attached for consideration and update by the Committee.

## **2.0 Recommendations**

2.1. The Checklist should be completed to show the Committee’s achievements so far against the CIPFA requirements and to identify any improvements or amendments that could be taken forward.

2.2. Results of the Audit Committee knowledge and skills survey be considered (separately from the meeting) and any suggested training opportunity be considered as an action for item 16 of appendix A attached.

**Contact for more Information: David Curnow [dcurnow@middevon.gov.uk](mailto:dcurnow@middevon.gov.uk) 01884 234237**

**Circulation of the Report: Leadership Team and Cabinet Member, DAP**

**APPENDIX A CIPFA Self-Assessment Checklist –  
Measuring the Effectiveness of the Audit Committee  
September 2018**

Ref	Audit committee purpose and governance	Y	P	N	Comments / evidence / actions required
1	Does the authority have a dedicated audit committee?	Y			Committee established and meets regularly as described in Article 9 - Audit Committee of the Constitution
2	Does the audit committee report directly to full council?	Y			The Constitution provides that the Audit Committee can report to the Full Council / Cabinet or other bodies of the Council to fulfil its role.
3	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?	Y			Constitution, Article 9 – Role Responsibility for functions, (Scheme of delegation).
4	Is the role and purpose of the audit committee understood and accepted across the authority?	Y			Documented in the constitution. Reporting of minutes to Full Council Annual report to Full Council
5	Does the audit committee provide support to the authority in meeting the requirements of good governance?	Y			The Audit Committee helps to set the “tone from the top” challenges control and performance in the reports it receives and makes an Annual Report to the Full Council. Our external auditors (Grant Thornton) provide their reports on their work, which is concluded in the Annual Audit & Inspection Letter and the Annual Governance Review; and these are specifically reported to A&G. The committee agree the internal audit plan and monitor performance of this throughout the year. The Councils Risk management and performance arrangements and other agency's reports are considered as part of the Committee's review for the Annual Governance Statement.
6	Are the arrangements to hold the committee to account for its performance operating satisfactory?	Y			Minutes of the Committee show this (e.g. risk management strategies; internal control statements; anti-fraud arrangements; whistle-blowing strategies) and are reported to Full Council for information and A qualified and experienced Independent member appointed to the Committee provides support and challenge
Ref	Functions of the committee	Y	P	N	Comments / evidence / actions required
7	Do the committee's terms of reference explicitly address all the core areas identified in the CIPFA Position Statement? <ul style="list-style-type: none"> <li>• Good governance</li> <li>• Assurance framework <i>including partnerships and collaboration arrangements</i></li> <li>• Internal audit</li> <li>• External audit</li> <li>• Financial reporting</li> <li>• Risk management</li> </ul>	Y  Y			Constitution, Article 9 set the terms of reference (ToR) for the Audit Committee which include most key elements - responsibility for functions and proceedings.  <i>The ToR have been updated to include partnership arrangements (Sept 2019)</i>

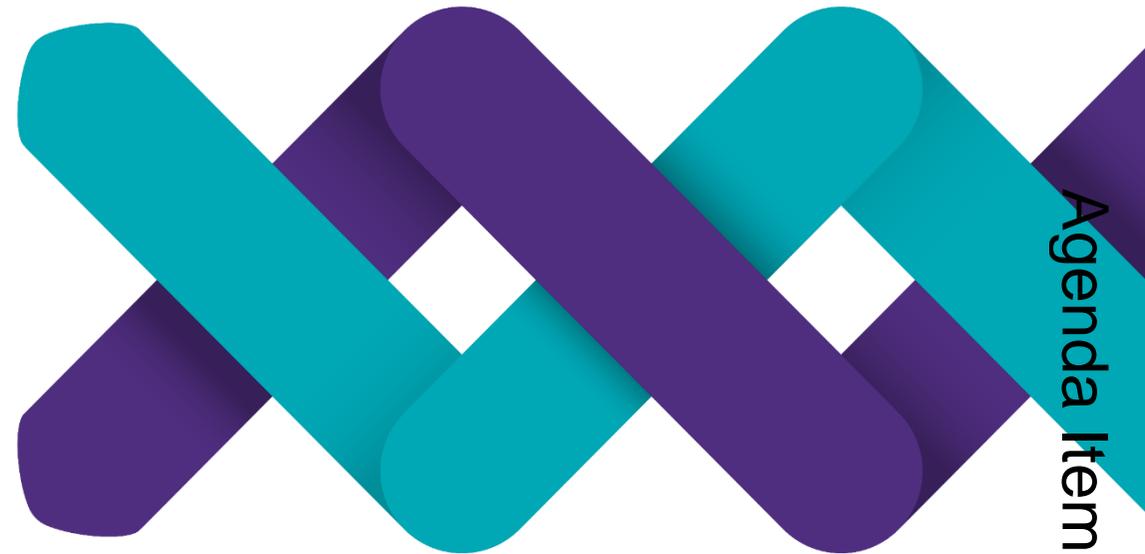
	<ul style="list-style-type: none"> <li>Value for money or best value</li> <li>Counter-fraud and corruption.</li> <li><i>supporting the ethical framework</i></li> </ul>	Y			<i>The ToR have been updated to include Ethics and Values. (Sept 2019) An internal audit report was also presented to the Audit Committee.(February 2015).</i>
8	Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	Y			Annual assessment of the business of the Committee and annual report is prepared by the Chair of Audit Committee and reported to Full Council..  Internal Audit Annual Report confirms – must comply with the Public Sector Internal Audit Standards (PSIAS) – an external review carried out in December 2016 confirmed this.
9	Has the audit committee considered the wider areas identified in CIPFA’s position statement and whether it would be appropriate for the committee to undertake them?	Y			The Leadership, Section 151 Officer or Monitoring Officer and Committees may refer any relevant matters to the Audit Committee for consideration. <i>Specific wider areas mentioned in the position statement: Leadership has considered with the Chair of the Audit Committee if any further areas should be presented to the Audit Committee. Specifically it was agreed that the Treasury Management review would remain under the review of the Cabinet, Ethics has now been added to the terms of reference for the audit Committee (Sept 2019)</i>
10	Where coverage of core areas as been found to be limited, are plans in place to address this?	Y			Coverage is considered appropriate, but if consideration from ref 7 and 9 suggest otherwise then such plans will be prepared.
11	Has the committee maintained its on-advisory role by not taking on any decision-making powers that are not in line with its core purpose?	Y			The Committee is not a decision making body Full Council receive reports on Treasury Management and it may be duplication for AC to consider this as well.
Ret	<b>Membership and support</b>	Y	P	N	<b>Comments / evidence / actions required</b>
12	Has an effective audit committee structure and composition of the committee been selected? This should include: <ul style="list-style-type: none"> <li>Separation from the executive</li> <li>An appropriate mix of knowledge and skills among the membership</li> <li>A size of commitment is not unwieldy</li> <li><i>consideration has been given to the inclusion of at least one independent member (where it is not already a mandatory requirement)</i></li> </ul>	Y			<ul style="list-style-type: none"> <li>The constitution specifies 7 members; quorum of 4</li> <li>Some Members also sit on Development Groups, Standards and Scrutiny Committees.</li> <li>Any decisions which pose a conflict would be declared.</li> </ul> <ul style="list-style-type: none"> <li>There is one Independent member</li> </ul>
13	<i>Have independent members appointed to the committee been recruited in an open and transparent way and approved by the full council as appropriate for the organisation?</i>	Y			Approved at Council early 2017
14	Does the chair of the committee have appropriate knowledge and skills?	Y			Chair has knowledge and skills through experience.  Training provided by DAP to new members in June and July 2019 an previously at Jan and March 2018 committee meetings.

15	Are arrangements in place to support the committee with briefings and training?	Y		<ul style="list-style-type: none"> <li>• Briefings included on agenda as required</li> <li>• Members invited on training/briefing sessions as they arise. Members attended a briefing session arranged by DAP &amp; SWAP at Buckfast Abbey and Sparkford.</li> <li>• Training on the AGS process is provided each year as necessary.</li> <li>• Training plan to be put together following the Audit Committees Skills assessment.</li> </ul>
16	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?		P	<p>Consideration of skills has been made independently by members and training has been provided as stated in 15 above.</p> <p><i>Skills Self-assessment currently being completed.</i>  <b>Complete the skills Self-Assessment and identify training needs (under review as part of this committee meeting Sept 2019)</b></p>
17	Does the committee have good working relationships with key people and organisations, including external audit, internal audit and the chief financial officer?	Y		The A&G minutes show this to be the case
18	Is adequate secretariat and administrative support to the committee provided?	Y		Democratic Services draw up the agenda, circulate committee papers, and prepare/publish minutes. The Chair to discuss forthcoming agenda items at committee.
19	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	Y		<p>The Chair has sought feedback from the committee on performance.</p> <p>The Committee reports to both Cabinet and Full Council; feedback is provided if and where required from either.</p>
20	<i>Are meetings effective with a good level of discussion and engagement from all the members?</i>	Y		Meetings are considered to be effective. Members are engaged and ask relevant and appropriate questions of officers to further inform the assurance that they are being provides.
21	<i>Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?</i>	Y		<p>Re engaging with leaders and managers a recent example has been on updates to Planning S106, (where the Senior Solicitor updated the committee on the progress) GDPR, and 3 Rivers. The S151 confirmed that training days would be held for members with regards to 3 Rivers.</p> <p>Re discussion of audit findings, risks and action plans. All internal audit reports are circulated to AC members in full, with a summary included within the committee papers. Regular questions are asked on performance stats and progress against audit recommendations. Officers are called where required.</p>
22	<i>Does the committee make recommendations for the improvement of governance, risk and control and are these acted on?</i>	Y		<p>The Audit Committee plays an active role in the improvement of governance, risk and control.</p> <p>Members challenge the S151 to ensure that audit recommendations are implemented and that mitigating controls are achieving the desired effect.</p>

				<p>Members take a keen and active interest in ensuring agreed actions are implemented. Discussion at the May 2018 meeting, and agreed minutes, provide good evidence of member involvement e.g.</p> <p><i>Members raised concerns about the management and control framework of 3 Rivers and a training session is to be provided for understanding.</i></p> <p><i>The training sessions in Jan and March 2018 from DAP Audit elicited requests from members to extend the Risk Register with new risks</i></p>
23	<i>Has the committee evaluated whether and how it is adding value to the organisation?</i>		P	<p>The annual report recognises changes and improvements to the internal audit arrangements and committee processes.</p> <p><i>No formal assessment has been made of how the Committee 'Adds Value' to the Council.</i></p> <p><b><i>Review how this can be achieved and the most effective method for assessment and delivery where action is felt necessary (links to Qs 7 &amp; 9).</i></b></p>
24	<i>Does the committee have an action plan to improve any areas of weakness?</i>		P	<p>The Committee has consider its needs and made some improvements as required. For example, a training need may be required, and training from officers will be requested (see Q15 for other improvement opportunities).</p> <p><i>No formal assessment has been made of the Committee's core 'strengths and weaknesses'.</i></p> <p><b><i>Review how this can be achieved and the most effective method for assessment and delivery where action is felt necessary (links to Q16).</i></b></p>
25	<i>Does the committee publish an annual report to account for its performance and explain its work?</i>	Y		<p>Annual report of the Chair of Audit Committee was agreed at Audit Committee in March 2019 and presented to Full Council following this.</p>

# Audit Progress Report and Sector Update

Mid Devon District Council  
Year ending 31 March 2020  
Page 74  
October 2019



# Contents

Section	Page
Introduction	3
Progress at October 2019	4
Audit Deliverables	5
Sector Update	6

# Introduction



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This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you **as a local authority; and**
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)



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Members of the Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications [www.grantthornton.co.uk](http://www.grantthornton.co.uk) ..

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

# Progress at October 2019

## Financial Statements Audit

We issued our opinion on your 2018/19 Statement of Accounts on 25 July 2019. We also issued our assurance statement on the Council's Whole of Government Accounts (WGA) submission. We were therefore able to certify closure of the 2018/19 audit.

We will begin our planning for the 2019/20 audit in December and will issue a detailed audit plan, setting out our proposed approach to the audit of the Council's 2018/19 financial statements.

We are due to hold our initial auditing planning meeting with officers where we will discuss the timing of the interim audit. Our interim fieldwork includes:

- Updated review of the Council's control environment;
- Updated understanding of financial systems;
- Review of Internal Audit reports on core financial systems;
- Early work on emerging accounting issues; and
- Early substantive testing.

We will report the findings of our interim audit as part of our regular Audit Committee reporting.

We will report the overall findings of the 2019/20 audit in the Audit Findings Report and aim to give our opinion on the Statement of Accounts by the statutory accounts publication date of 31 July 2020.

## Value for Money

The scope of our work is set out in the guidance issued by the National Audit Office. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".

The guidance confirmed the overall criterion as: "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".

The three sub criteria for assessment to be able to give a conclusion overall are:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties

Details of our initial risk assessment to determine our approach will be included in our Audit Plan.

We will report our work in the Audit Findings Report and aim to give our Value For Money Conclusion by the statutory accounts publication date of 31 July 2020.

The code guidance is currently out for consultation, and it is expected that there will be changes to the overall VFM approach and requirements. We will keep members and officers briefed as expectations become more clear.

## Other areas

### Certification of claims and returns

We certify the Council's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions. The certification work for the 2018/19 has commenced and will be completed by the 30 November deadline. We will report our findings to the Audit Committee in our January 2020 Audit Committee update paper. For 2018/19 this work is being completed in collaboration with Internal Audit.

### Meetings

We continue to meet and communicate with Finance Officers regarding developments affecting the 2019/20 audit year.

We are also discussing the timing of the 2019/20 audit, including the proposed changes to the VFM reporting requirements.

### Events

We provide a range of workshops, along with network events for members and publications to support the Council. We will keep members and officers up to date as events are confirmed.

Your officers recently attended our Housing Benefits update training session in Bristol.

Further details of the publications that may be of interest to the Council are set out in our Sector Update section of this report.

# Audit Deliverables

2018/19 Deliverables	Planned Date	Status
<b>Audit Findings Report</b> The Audit Findings Report was reported to the July Audit Committee.	July 2019	Completed July 2019.
<b>Auditors Report</b> This is the opinion on your financial statement, annual governance statement and value for money conclusion.	July 2019	Completed July 2019.
<b>Annual Audit Letter</b> This letter communicates the key issues arising from our work.	August 2019	Published and agreed with officers in August 2019. The Annual Audit Letter is on the October 2019 Audit Committee agenda.
2019/20 Deliverables	Planned Date	Status
<b>Accounts Audit Plan</b> We are required to issue a detailed accounts audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2019-20 financial statements.	January 2020	Not yet due
<b>Interim Audit Findings</b> We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.	March 2020	Not yet due
<b>Audit Findings Report</b> The Audit Findings Report will be reported to the July Audit Committee.	July 2020	Not yet due
<b>Auditors Report</b> This is the opinion on your financial statement, annual governance statement and value for money conclusion.	July 2020	Not yet due
<b>Annual Audit Letter</b> This letter communicates the key issues arising from our work.	July 2020	Not yet due

# Sector Update

Councils are tackling a continuing drive to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider LG and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Local  
government

# CIPFA – CFO confidence survey

## In July, the Chartered Institute of Public Finance and Accountancy (CIPFA) reported the results of their annual confidence survey.

The survey found that the majority of local government finance officers have lost confidence in their future financial positions over the last year.

Seventy per cent of respondents said they were either slightly less or much less confident in their financial position this year compared to 2018-19.

The survey also found that 68% said they were either slightly less or much less confident in their ability to deliver services in 2020-21. Sixty-two per cent expressed equal confidence in their financial position for 2019-20 as they had last year.

CIPFA found that the area of greatest pressure for top tier authorities was children's social care, with the number of authorities rating it as the biggest pressure rising by six percentage points.

For districts the greatest pressures were housing, cultural services and environmental services.

Rob Whiteman, CIPFA chief executive, said: "Local government is facing greater demand pressures than ever before, with particularly pressures in adults' and children's social care and housing. Local authorities also lack certainty about their future financial positions, so it's unsurprising to see confidence on the decline.

"We have repeatedly pointed out that local government is in need of a sustainable funding solution, but meeting this demand requires more than pennies and pounds. The sector as a whole must come together to address the challenges of effective service delivery."

CIPFA's survey received a total of 119 responses from authorities in the UK - 56 top tier authorities, 47 English districts, 12 Scottish authorities, and 4 Welsh authorities.



On the same theme, a Local Government Association (LGA) survey, also reported in July, found that almost two-thirds of councils believe cash for services like adult social care, child protection and preventing homelessness will dry up by 2024-25.

The survey got responses from 141 of the 339 LGA member councils in England and Wales.

It also found that 17% of councils were not confident of realising all of the savings they had identified this year (2019-20).

The LGA said that councils needed a guarantee they will have enough money to meet growing demand pressures in particular in adult social care, children's services, special educational needs, homelessness support and public health.



## Financial confidence



### Challenge question:

How confident over its' financial position is your Authority? Has this changed from previous years?

# MHCLG – Independent probe into local government audit

In July, the then Communities secretary, James Brokenshire, announced the government is to examine local authority financial reporting and auditing.

At the CIPFA conference he told delegates the independent review will be headed up by Sir Tony Redmond, a former CIPFA president.

The government was “working towards improving its approach to local government oversight and support”, Brokenshire promised.

“A robust local audit system is absolutely pivotal to work on oversight, not just because it enforces confidence in financial reporting but because it reinforces service delivery and, ultimately, our faith in local democracy,” he said.

“There are potentially far-reaching consequences when audits aren’t carried out properly and fail to detect significant problems.”

The review will look at the quality of local authority audits and whether they are highlighting when an organisation is in financial trouble early enough.

It will also look at whether the public has lost faith in auditors and whether the current audit arrangements for councils are still “fit for purpose”.

On the appointment of Redmond, CIPFA chief executive Rob Whiteman said: “Tony Redmond is uniquely placed to lead this vital review, which will be critical for determining future regulatory requirements.

“Local audit is crucial in providing assurance and accountability to the public, while helping to prevent financial and governance failure.”

He added: “This work will allow us to identify what is needed to make local audit as robust as possible, and how the audit function can meet the assurance needs, both now and in the future, of the sector as a whole.”

In the question and answer session following his speech, Brokenshire said he was not looking to bring back the Audit Commission, which appointed auditors to local bodies and was abolished in 2015. MHCLG note that auditing of local authorities was then taken over by the private, voluntary and not-for-profit sectors.

He explained he was “open minded”, but believed the Audit Commission was “of its time”.

Local authorities in England are responsible for 22% of total UK public sector expenditure so their accounts “must be of the highest level of transparency and quality”, the Ministry of Housing, Local Government and Communities said. The review will also look at how local authorities publish their annual accounts and if the financial reporting system is robust enough.

Redmond, who has also been a local authority treasurer and chief executive, is expected to report to the communities secretary with his initial recommendations in December 2019, with a final report published in March 2020. Redmond has also worked as a local government boundary commissioner and held the post of local government ombudsman.



# National Audit Office – Code of Audit Practice

The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfil their statutory responsibilities under the Local Audit and Accountability Act 2014. 'Relevant authorities' are set out in Schedule 2 of the Act and include local councils, fire authorities, police and NHS bodies.

Local auditors must comply with the Code of Audit Practice.

## Consultation – New Code of Audit Practice from 2020

Schedule 6 of the Act requires that the Code be reviewed, and revisions considered at least every five years. The current Code came into force on 1 April 2015, and the maximum five-year lifespan of the Code means it now needs to be reviewed and a new Code laid in Parliament in time for it to come in to force no later than 1 April 2020.

In order to determine what changes might be appropriate, the NAO is consulting on potential changes to the Code in two stages:

**Stage 1** involves engagement with key stakeholders and public consultation on the issues that are considered to be relevant to the development of the Code.

**This stage of the consultation is now closed.** The NAO received a total of 41 responses to the consultation which included positive feedback on the two-stage approach to developing the Code that has been adopted. The NAO state that they have considered carefully the views of respondents in respect of the points drawn out from the [Issues paper](#) and this will inform the development of the draft Code. A summary of the responses received to the questions set out in the [Issues paper](#) can be found below.

[Local audit in England Code of Audit Practice – Consultation Response \(pdf – 256KB\)](#)

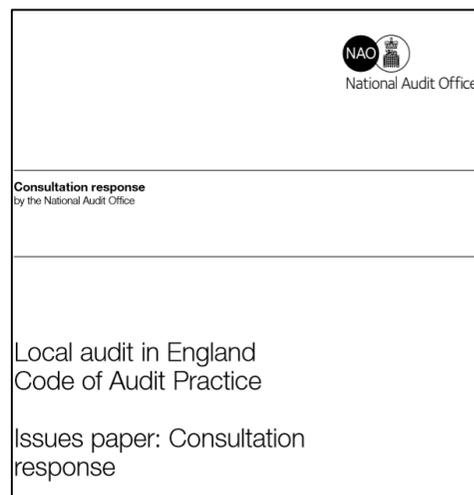
**Stage 2** of the consultation involves consulting on the draft text of the new Code. To support stage 2, the NAO has published a consultation document, which highlights the key changes to each chapter of the draft Code. The most significant changes are in relation to the Value for Money arrangements. Rather than require auditors to focus on delivering an overall, binary, conclusion about whether or not proper arrangements were in place during the previous financial year, the draft Code requires auditors to issue a commentary on each of the criteria. This will allow auditors to tailor their commentaries to local circumstances. The Code proposes three specific criteria:

- Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the body ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.

The consultation document and a copy of the draft Code can be found on the NAO website. The consultation is open until 22 November 2019. The new Code will apply from audits of local bodies' 2020-21 financial statements onwards.

Link to NAO webpage for the Code consultation:

<https://www.nao.org.uk/code-audit-practice/code-of-audit-practice-consultation/>



# Local Government Association – Profit with a purpose – delivering social value through commercial activity

The Local Government Association (LGA) report 'Profit with a purpose' focuses on some of the practicalities of how councils can deliver social value through their commercial activity.

Through 'key questions' to ask, the guidance supports councils to face the challenge of how to undertake commercial activity and achieve greater value for the public purse in ways that better meet society's needs and outcomes for people and communities.

In addition, the publication features a number of short case studies highlighting some of the innovative commercial practice already achieving results for communities.

The LGA comments that the best approaches ensure the generation of social value is the primary factor driving commercial activity; from the initial decision to develop a commercial vision to how the approach is developed, and implemented, councils which are pulling ahead ensure social value is placed centre stage.

The guidance starts with an overview of what the LGA understands by 'profit with a purpose', the guidance explores different types of social value and the role of councils in driving social value alongside their commercial ambition.

The guidance then looks at how consideration and delivery of social value should be practically considered when deciding on whether to embark on commercial activity, the need for social value to be prioritised alongside financial return and the key questions councils should consider when embarking on a commercial initiative.

Following on from this, there are specific chapters on; embedding social value in governance of alternative service delivery vehicles, the role of procurement in contracting services that deliver social value and finally how to contract and performance manage social value through your service providers.

Each chapter outlines the factors that need to be considered and the 'key questions' councils should be asking themselves.

In addition, a number of short case studies are provided to highlight some of the innovative commercial practice already achieving results for communities.

The report can be downloaded from the LGA website:

<https://www.local.gov.uk/profit-purpose-delivering-social-value-through-commercial-activity>



## Profit with a purpose

Delivering social value through commercial activity

Profit with a purpose



**Challenge question:**

If your Authority is looking at commercial activity, have you considered the LGA report?

# MHCLG – Brexit preparations

Councils should be fully prepared to leave the European Union by the end of October, the Communities and Local Government Secretary announced on 3 August as he ramped up preparations.

Mr Jenrick thanked councils for all the work they have already done, but said they must step up vital preparations and committed £20 million for councils across England to prepare for delivering Brexit on 31 October, whatever the circumstances.

He has asked each council to designate a Brexit lead to work with central government and oversee teams in every community who will work with stakeholders in their area to plan intensively for Brexit.

The new funding comes in recognition of the central role councils will play to make sure their residents are ready for Brexit, and is expected to support a range of activity including communications, training and the recruitment of staff.

The Secretary of State said:

“From Whitehall to town halls – everyone needs to be ready to fulfil our democratic mandate to leave the European Union by the end of October.

Local government has a vital role in helping to make Brexit a success and it is absolutely right that together we intensify preparations in every community.

And to do this successfully I have asked every council to appoint a Brexit lead to work with government. We’ll be providing £20 million for councils to support the major step up in preparations.

I want all of us – central and local government – to be fully prepared for leaving the EU on 31 October whatever the circumstances. I know that we can achieve this, by continuing to work side by side with renewed national focus and intensity.”

page 81



## Brexit preparations



### Challenge question:

Who is your Brexit lead and how is your authority supporting Brexit preparations?

# Public Accounts Committee – Local Government Governance and Accountability

The Public Accounts Committee has found that the Government has not done enough to ensure that, at a time when local authority budgets are under extreme pressure, governance systems are improved.

The Ministry of Housing, Communities & Local Government (the Department) is responsible for: ensuring that this framework contains the right checks and balances, and changing the system if necessary. The Secretary of State also has powers to intervene in cases of perceived governance failure. The framework includes: officers with statutory powers and responsibilities; internal checks and balances such as audit committees and internal audit; and external checks and balances such as external audit and sector-led improvement overseen by the Local Government Association. These arrangements represent a significant reduction in the level of central oversight in recent years following the government's decision to abolish the Audit Commission and the Standards Board for England as part of a broader reform of local audit, inspection and reporting.

The Public Accounts Committee report summary notes "Local authorities have a good overall track record with governance arrangements generally robust across the sector, and there is evidence that local authority governance compares favourably to that of the health sector. However, this is not universal and in some authorities governance is under strain, as funding reduces and responsibilities and exposure to commercial pressures change. We are worried to hear about audit committees that do not provide sufficient assurance, ineffective internal audit, weak arrangements for the management of risk in local authorities' commercial investments, and inadequate oversight and scrutiny. This is not acceptable in the more risky, complex and fast-moving environment in which local authorities now operate.

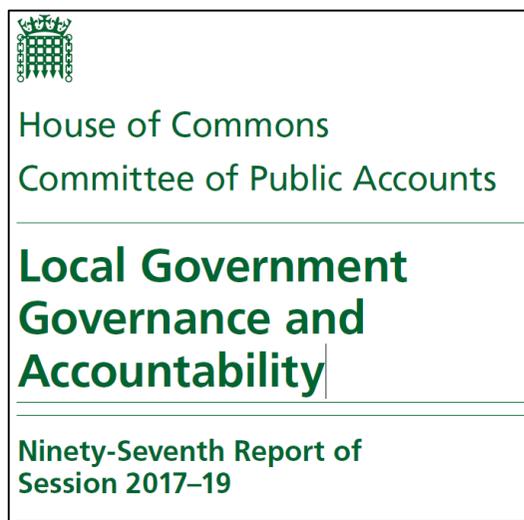
The Department has been reactive and ill-informed in its approach to oversight of the local governance system. However, the Department has now recognised that the network of bodies with responsibility for the local governance framework is fragmented and lacking the leadership needed to drive change. Encouragingly, the Department has now committed to enhancing its oversight role and producing a proactive work programme to deliver this change. We urge the Department to ensure that this activity leads to concrete actions and outcomes on a timely basis. When a local authority fails this has a significant impact on local people and the Department has a responsibility to work with local government to ensure that problems are caught early and that it can pinpoint at-risk councils. Since the abolition of the Audit Commission and other changes culminating in the Local Audit and Accountability Act 2014 there is no central assessment of value for the money, which means the Department's work is fundamental."

The report makes five conclusions, with associated recommendations:

- 1) The Department is not yet providing effective leadership of the local governance system.
- 2) The Department does not know why some local authorities are raising concerns that external audit is not meeting their needs.
- 3) The Department lacks reliable information on key governance risks, or relies on weak sources of information, meaning it has no way of pinpointing the at-risk councils.
- 4) The Department's monitoring is not focused on long-term risks to council finances and therefore to services.
- 5) There is a complete lack of transparency over both the Department's informal interventions in local authorities with financial or governance problems and the results of its formal interventions.

The Government response is available on the website below:

<https://www.parliament.uk/documents/commons-committees/public-accounts/Gov-response-to-Public-Accounts-on-the-93-98-reports.pdf>





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# The Annual Audit Letter for Mid Devon District Council

Year ended 31 March 2019  
30 August 2019



# Contents



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Page 86

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## Section

1. Executive Summary
2. Audit of the Financial Statements
3. Value for Money conclusion

## Appendices

- A Reports issued and fees

## Page

3

5

10

15

# Executive Summary

## Purpose

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at Mid Devon District Council (the Council) and its subsidiaries (the group) for the year ended 31 March 2019.

This Letter is intended to provide a commentary on the results of our work to the Council and external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this Letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'. We reported the detailed findings from our audit work to the Council's Audit Committee as those charged with governance in our Audit Findings Report on 15 July 2019.

## Our work

<b>Materiality</b>	We determined materiality for the audit of the Council's financial statements to be £1,006,000, which is 2% of the Council's gross revenue expenditure.
<b>Financial Statements opinion</b>	We gave an unqualified opinion on the Council's financial statements on 25 July 2019.
<b>Whole of Government Accounts (WGA)</b>	We completed work on the Council's consolidation return following guidance issued by the NAO. The Council was below the threshold for full audit procedures and was limited to preparing an assurance return to the NAO to support its group procedures.
<b>Use of statutory powers</b>	We did not identify any matters which required us to exercise our additional statutory powers.

## Respective responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Council and group's financial statements (section two)
- assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the Council and group's financial statements, we comply with International Standards on Auditing (UK) (ISAs) and other guidance issued by the NAO.

# Executive Summary

**Value for Money arrangements** We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources except for its arrangements in relation to its commercial activities with 3 Rivers Development Ltd. This affected the following VFM criteria:

- Acting in the public interest, through demonstrating and applying the principles and values of sound governance,
- understanding and using appropriate and reliable financial and performance information to support informed decision making and performance management including where relevant, business cases supporting significant investment decisions, and
- Managing risks effectively and maintaining a sound system of internal control.

We therefore qualified our value for money conclusion in our audit report to the Council on 25 July 2019.

**Certification of Grants** We also carry out work to certify the Council's Housing Benefit subsidy claim on behalf of the Department for Work and Pensions. Our work on this claim is not yet complete and will be finalised by 30 November 2019. We will report the results of this work to the Audit Committee separately.

**Certificate** We certified that we have completed the audit of the financial statements of Mid Devon District Council in accordance with the requirements of the Code of Audit Practice on 25 July 2019.

## Working with the Council

During the year we have delivered a number of successful outcomes with you:

- An efficient audit – we delivered an efficient audit with you in June and July. We worked closely with officers to ensure the challenging audit timetable was met.
- Understanding your business – through the value for money conclusion we provided you with assurance on your effectiveness. We have made recommendations for improving the arrangements around 3 Rivers Development Limited.

- Sharing our insight – we provided regular audit committee updates covering best practice. We also shared our thought leadership reports.
- Providing training – officers are attending our Housing Benefit workshop in September 2019.

We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff.

**Grant Thornton UK LLP**  
**August 2019**

# Audit of the Financial Statements

## Our audit approach

### Materiality

In our audit of the Council and Group financial statements, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for the audit of the group financial statements to be £1,006,000, which is 2% of the Council and Group's gross revenue expenditure. We used this benchmark as, in our view, users of the Group and Council's financial statements are most interested in where the Group and Council has spent its revenue in the year.

We also set a lower level of specific materiality for senior officer remuneration of £5,000. This was to ensure bandings were accurately disclosed.

We set a triviality threshold of £50,300, above which we reported errors to the Audit Committee in our Audit Findings Report.

### The scope of our audit

Our audit involves obtaining sufficient evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error. This includes assessing whether:

- the accounting policies are appropriate, have been consistently applied and adequately disclosed;
- the significant accounting estimates made by management are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the remainder of the financial statements and the narrative report, annual governance statement published alongside the financial statements to check it is consistent with our understanding of the Council and with the financial statements included in the Annual Report on which we gave our opinion.

We carry out our audit in accordance with ISAs (UK) and the NAO Code of Audit Practice. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach was based on a thorough understanding of the Council and group's business and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

# Audit of the Financial Statements

## Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p><b>Improper revenue recognition</b></p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>We considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, and we determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> <li>• there is little incentive to manipulate revenue recognition;</li> <li>• opportunities to manipulate revenue recognition are very limited; and</li> <li>• the culture and ethical frameworks of local authorities, including Mid Devon District Council, mean that all forms of fraud are seen as unacceptable</li> </ul> <p>Therefore we concluded that we do not consider this to be a significant risk for Mid Devon District Council.</p>	
<p><b>Management override of controls</b></p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We completed the following work in relation to this risk:</p> <ul style="list-style-type: none"> <li>• reviewed accounting estimates, judgements and decisions made by management,</li> <li>• tested journal entries,</li> <li>• reviewed unusual significant transactions, and</li> <li>• reviewed significant related party transactions outside the normal course of business.</li> </ul>	<p>Our audit work did not identified any issues in respect of management over-ride of controls.</p>

# Audit of the Financial Statements

## Significant Audit Risks - continued

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p><b>Valuation of land and buildings</b>            The Council revalues its land and buildings on an annual basis to ensure that the carrying value is not materially different from the current value at the financial statements date. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£197 million – Net Book Value) and the sensitivity of this estimate to changes in key assumptions.</p> <p>Management have engaged the services of a valuer to estimate the current value as at 31 March 2019.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations, as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.</p>	<p>We undertook the following work in relation to this risk:</p> <ul style="list-style-type: none"> <li>• Reviewed management's processes and assumptions for the calculation of the estimate.</li> <li>• Reviewed the competence, expertise and objectivity of any management experts used.</li> <li>• Reviewed the instructions issued to valuation experts and the scope of their work.</li> <li>• Discussed with the Council's valuer the basis on which the valuation was carried out, and challenged the key assumptions.</li> <li>• Reviewed and challenged the information used by the valuer to ensure it was robust and consistent with our understanding.</li> <li>• Tested revaluations made during the year to ensure they were input correctly into the Council's asset register</li> <li>• Evaluated the assumptions made by management for those assets not revalued during the year and how management satisfied themselves that these were not materially different to current value.</li> </ul> <p>Our work did not identify any issues in relation to the valuation of land and buildings.</p>	<p>Our audit work did not identify any issues in respect of the Valuation of Land and Buildings.</p>

# Audit of the Financial Statements

## Significant Audit Risks - continued

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p><b>Valuation of pension fund net liability</b>                      The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements and group accounts.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£60 million in the Council's balance sheet) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Council's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.</p>	<p>We undertook the following work in relation to this risk:</p> <ul style="list-style-type: none"> <li>Identified the controls put in place by management to ensure that the pension fund net liability is not materially misstated and assessed whether those controls were implemented as expected and whether they were sufficient to mitigate the risk of material misstatement.</li> <li>Reviewed the competence, expertise and objectivity of the actuary who carried out the Council's pension fund valuation.</li> <li>Gained an understanding of the basis on which the IAS 19 valuation was carried out, undertaking procedures to confirm the reasonableness of the actuarial assumptions made.</li> <li>Reviewed the consistency of the pension fund net liability disclosures in notes to the financial statements with the actuarial report from your actuary.</li> </ul>	<p>Although our audit work did not identify any issues in respect of this risk, we discussed the potential impact of the McCloud ruling on the financial statements of Local Government bodies.</p> <p>The Council requested an estimate from its actuary of the potential impact of the McCloud ruling. The actuary's estimate was of a possible increase in pension liabilities of £945k, and an increase in service costs for the 2019/20 year of £103k.</p> <p>Management's view was that the impact of the ruling was not material for Mid Devon District Council, and will be considered for future years' actuarial valuations.</p> <p>We reported this in our Audit Findings Report as an unadjusted misstatement.</p>

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# Audit of the Financial Statements

## **Audit opinion**

We gave an unqualified opinion on the Council and Group's financial statements on 25 July 2019.

## **Preparation of the financial statements**

The Council presented us with draft financial statements in accordance with the national deadline, and provided a good set of working papers to support them. The finance team responded promptly and efficiently to our queries during the course of the audit.

## **Issues arising from the audit of the financial statements**

We reported the key issues from our audit to the Council's Audit Committee on 15 July 2019.

## **Annual Governance Statement and Narrative Report**

We are required to review the Council's Annual Governance Statement and Narrative Report. It published them on its website in the Statement of Accounts in line with the national deadlines.

Both documents were prepared in line with the CIPFA Code and relevant supporting guidance. We confirmed that both documents were consistent with the financial statements prepared by the Council and with our knowledge of the Council.

## **Whole of Government Accounts (WGA)**

We carried out work on the Council's Data Collection Tool in line with instructions provided by the NAO . We issued an assurance statement which confirmed the Council was below the audit threshold.

## **Certificate of closure of the audit**

We certified that we have completed the audit of the financial statements of Mid Devon District Council in accordance with the requirements of the Code of Audit Practice on 25 July 2019.

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# Value for Money conclusion

## Background

We carried out our review in accordance with the NAO Code of Audit Practice, following the guidance issued by the NAO in November 2017 which specified the criterion for auditors to evaluate:

*In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.*

## Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the risks where we concentrated our work.

The risks we identified and the work we performed are set out overleaf.

As part of our Audit Findings report agreed with the Council in July 2019, we agreed recommendations to address our findings.

## Overall Value for Money conclusion

We are satisfied that, in all significant respects, except for the matter we identified overleaf in respect of 3 Rivers Development Ltd, the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2019.

# Value for Money conclusion

## Value for Money Risks

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p><b>Financial resilience</b></p> <p>Like the majority of councils, Mid Devon District Council faces a significant financial challenge over the medium term. The Council is forecasting an overspend of £181k in 2018/19 and has a funding gap of £1.4m through to 2021/22. The Council currently has a General Fund Reserve of £2.41m, which is above the approved minimum level of £2.1m. Without action, the Council's General Fund Reserves will be eroded by 2020/21.</p> <p>In response to this risk we have reviewed the significant assumptions made in the Council's medium term financial plan and progress towards closing the funding gap.</p>	<p>In response to this risk we reviewed the significant assumptions made in the Council's medium term financial plan and progress towards closing the funding gap.</p>	<p>Historically the Council have performed well financially. In 2018/19 the Council delivered a £0.019m surplus against its revenue budget. This is in line with budget monitoring throughout the period.</p> <p>The Council started 2018/19 with a £2.7m general fund balance and ended the year with £2.5m.</p> <p>Within the Council's 2018/19 budget there were £0.288m of savings. Of these savings £0.148m have been delivered. The impact of the undelivered element was offset by prudent forecasting of Business Rates.</p> <p>The Council have a significant savings target (circa £1.4m), over the medium term. Work is ongoing to identify savings/income generation schemes to close this gap. This is being tackled through workshops at Group Manager level.</p> <p>Our work found that the processes for monitoring this budget gap have improved in 2018/19. With the finance team maintaining a live MTFP which is updated in real time, but maintains the historic trail to financial reporting.</p> <p>The internal monitoring of schemes that have been identified to close this gap has also improved. Each scheme is clearly identified and whether this is recurrent or non recurrent. Importantly we found that this clearly linked through to budget monitoring and reporting through out the financial year.</p> <p>The Council have a number of initiatives in play to increase revenues of which 3 Rivers Developments Limited will play a key role.</p> <p>Despite the challenges faced by the Council there are adequate arrangements in place to achieve financial resilience.</p> <p>Our work found that arrangements have been improved in relation to the medium term financial plan being a living evolving document, that can be clearly traced to ongoing financial reporting.</p>

# Value for Money conclusion

## Value for Money Risks (continued)

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p><b>Housing Company arrangements</b></p> <p>During 2017/18 the Council set up 3 Rivers Developments Limited. This was incorporated at Companies House on 28 April 2017. This represents a new, innovative way to deliver services.</p> <p>In response to this risk we have reviewed the Council's arrangements for setting up, monitoring and reporting the performance. We have also reviewed the governance arrangements in place.</p>	<p>There is increased scrutiny of commercial arrangements from external bodies such as the National Audit Office that have flagged the importance of council's ensuring that investment decisions are properly risk assessed, that there is adequate due diligence and that appropriate advice is taken on these arrangements.</p> <p>Members need to be clearly sighted on these matters and understand the exposure this is placing on the Council to inform their decision making.</p> <p>3 Rivers Developments Limited continues to evolve and forms an important and integral part of the Council's Strategic Vision. Moving into its second year of operation, the company has delivered some positive outcomes with the completion of a number of units.</p> <p>As part of the 2017/18 audit we raised two recommendations:</p> <ol style="list-style-type: none"> <li>1. The Council should take appropriate advice when assessing funding decisions and whether loans can be funded from capital resource, and</li> <li>2. The Council should review governance and monitoring arrangements to ensure these remain appropriate and on an arms length basis.</li> </ol> <p>It is clear that the Council has made some progress against each of these recommendations, however, these will need to be continually reconsidered as the company continues to grow and evolve.</p> <p>The Company is currently being funded from internal revenue resources and therefore has not had the need to confirm its accounting treatment of external borrowing.</p> <p>During the year the Council commissioned Internal Audit to complete a review of the governance arrangements in place. The work was carried out in December 2018. This review identified a number of issues that form part of the Head of Internal Audit's opinion and are included in the Council's own Annual Governance statement.</p>	<p>Following our work in this area, in assessing the adequacy of the arrangements in place to 31 March 2019 we have concluded that there are weaknesses in the Council's arrangements for:</p> <ul style="list-style-type: none"> <li>• understanding and using appropriate and reliable financial and performance information to support informed decision making and performance management including where relevant, business cases supporting significant investment decisions,</li> <li>• Acting in the public interest, through demonstrating and applying the principles and values of sound governance, and</li> <li>• Managing risks effectively and maintaining a sound system of internal control.</li> </ul> <p>We acknowledge that since 31 March 2019 there have been, and planned to be developments as the company and the arrangements continue to develop.</p>

# Value for Money conclusion

## Value for Money Risks (continued)

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 97</p>	<p>The key messages from this review were:</p> <ul style="list-style-type: none"> <li>• potential reputational damage from the failure of the company was not included on the risk register,</li> <li>• governance arrangements are not keeping pace with developments,</li> <li>• concerns around conflicts of interest,</li> <li>• Members concerned about over exposure, and the</li> <li>• need to strike a balance between commercial sensitivity and transparency.</li> </ul> <p>Internal Audit have made a number of recommendations as part of their report. We have discussed with management their responses to these recommendations.</p> <p>The Council has put in place mitigations to reduce the risks around conflicts of interest. This is in particular reference to the Council's S151 officer on the board of 3 Rivers Developments Ltd. Whilst it is considered appropriate to have Council representation on the company board to enable it to influence the activity of the company, it is important that the company board is allowed to deliver the strategic and operational plans of the company without excessive interference from the Council. It is equally important that appropriate governance structures are established to safeguard the Council from excessive risk taking or poor performance and that appropriate governance arrangements are in place to allow the Council to hold the company to account where financial and performance targets are not achieved by the company. We have recommended that the Council formally considers the adequacy of the current mitigations to determine whether additional governance arrangements need to be put in place to address this risk.</p>	

# Value for Money conclusion

## Value for Money Risks (continued)

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 98</p>	<p>The Council now have in place loan agreements for all lending and these are supported by a cashflow forecast. The corporate risks were added to the risk register in June 2019. The Council also plan to increase governance and control through the establishment of an officer programme board, with its purpose to review company performance between formal reporting.</p> <p>Further to this we have carried out work looking specifically at the arrangements that were in place during 2018/19 for reporting and monitoring the performance of the company. As part of this work we also reviewed the links between 3 Rivers Developments Limited's business plan and the Council's capital programme and treasury management strategy to ensure that funding plans were affordable and that the Council were clearly informed about the company's future financing requirements.</p> <p>This work identified the following findings:</p> <ul style="list-style-type: none"> <li>• The Governance arrangements continue to evolve,</li> <li>• The processes around borrowing and cashflow were unclear, however, processes have now been put in place to address this,</li> <li>• The business plan approved by Cabinet in March 2019 contained inaccuracy and was not transparent in the potential £109m funding requirement of the company and the levels of financing support that will be required from the Council to support these plans. In particular there needs to be more clarity on the projected operating surplus of the company over the life of the business plan and the projected return on investments at scheme level. This will in turn determine any potential future funding requirements from the Council.</li> <li>• The first performance report was taken to the January 2019 cabinet, it was not clear from review of this document how this linked to the business plan, and</li> <li>• Greater clarity is needed on the Council's future borrowing requirement. Our work found there was no clear link between the 3 Rivers Limited business plan and the Council's Capital Programme and crucially the Treasury Management Strategy.</li> </ul>	

# A. Reports issued and fees

We confirm below our final reports issued and fees charged for the audit and **provision of non-audit services**.

## Reports issued

Report	Date issued
Audit Plan	22 January 2019
Audit Findings Report	15 July 2019
Annual Audit Letter	30 August 2019

## Fees

	Planned fees £	Actual fees £	2017/18 fees £
Statutory audit	36,729	41,229	47,700
<b>Total fees</b>	<b>36,729</b>	<b>41,229</b>	<b>47,700</b>

## Audit fee variation

As outlined in our audit plan, the 2018-19 scale fee published by PSAA of £36,729 assumes that the scope of the audit does not significantly change. There are a number of areas where the scope of the audit has changed, which has led to additional work. Since reporting our Audit Findings Report to the Council's audit committee on 15 July 2019, we have reviewed the level of additional work required and additional fees necessary to reflect these additional costs of delivery. These are set out in the following table.

Area	Reason	Fee proposed
<b>Assessing the impact of the McCloud ruling</b>	The Government's transitional arrangements for pensions were ruled discriminatory by the Court of Appeal last December. The Supreme Court refused the Government's application for permission to appeal this ruling. As part of our audit we have reviewed the revised actuarial assessment of the impact on the financial statements along with any audit reporting requirements.	£1,500
<b>Pensions – IAS 19</b>	The Financial Reporting Council has highlighted that the quality of work by audit firms in respect of IAS 19 needs to improve across local government audits. Accordingly, we have increased the level of scope and coverage in respect of IAS 19 this year to reflect this.	£1,500
<b>PPE Valuation – work of experts</b>	As above, the Financial Reporting Council has highlighted that auditors need to improve the quality of work on PPE valuations across the sector. We have increased the volume and scope of our audit work to reflect this.	£1,500
<b>Total</b>		<b>£4,500</b>

Fee variations are subject to PSAA approval.

# A. Reports issued and fees continued

We confirm below our final reports issued and fees charged for the audit and provision of non-audit services.

## Fees for non-audit services

Service	Fees £
<b>Audit related services</b>	
• Certification of Housing Capital Receipts	1,500
• Housing Benefit Certification	14,685
• Homes and Communities Agency certification (17-18)	2,000
<b>Non-Audit related services</b>	
- None	Nil
<b>Total</b>	<b>18,185</b>

## Non-audit services

- For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The table above summarises all non-audit services which were identified.
- We have considered whether non-audit services might be perceived as a threat to our independence as the Council's auditor and have ensured that appropriate safeguards are put in place.

The above non-audit services are consistent with the Council's policy on the allotment of non-audit work to your auditor.



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