<p style="text-align:center">Public Document Pack</p>

Mid Devon District Council

Audit Committee

Tuesday, 2 June 2020 at 5.30 pm

Next ordinary meeting
Tuesday, 11 August 2020 at 5.30 pm

Important - this meeting will be conducted and recorded by Zoom only. Please do not attend Phoenix House. The attached Protocol for Remote Meetings explains how this will work.

To join the Zoom Meeting please use the following link:
https://zoom.us/j/93116668300?pwd=QkxvSHJ1Tm1zSWJXdGVmdHNHOEJjdz09

Meeting ID: 931 1666 8300
Password: 287570

One tap mobile
+442034815240,,93116668300#,,1#,287570# United Kingdom
+442080806591,,93116668300#,,1#,287570# United Kingdom

Dial by your location

    0 800 358 2817 United Kingdom Toll-free
    0 800 031 5717 United Kingdom Toll-free
    0 800 260 5801 United Kingdom Toll-free

Meeting ID: 931 1666 8300
Password: 287570

Membership

Cllr Mrs C Collis
Cllr B Evans
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. **Election of Chairman**
   To elect the Chairman of the Audit Committee for the municipal year 2020/2021.

2. **Election of Vice Chairman**
   To elect the Vice Chairman of the Audit Committee for the municipal year 2020/2021.

3. **Apologies**
   To receive any apologies for absence.

4. **Remote Meetings Protocol** *(Pages 5 - 10)*
   To note the protocol for remote meetings.

5. **Public Question Time**
   To receive any questions relating to items on the Agenda from members of the public and replies thereto.

6. **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.

7. **Minutes of the previous meeting** *(Pages 11 - 14)*
   Members to consider whether to approve the minutes as a correct record of the meeting held on 28 January 2020.

8. **Chairman's Announcements**
   To receive any announcements that the Chairman may wish to make.

9. **Performance & Risk Report** *(Pages 15 - 58)*
   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.

10. **Risk and Opportunity Management Policy** *(Pages 59 - 78)*
    To receive and approve a report from the Group Manager for Performance, Governance and Data security presenting the Committee with the updated Risk & Opportunity Management Policy for approval.

11. **Internal Audit Approach during the Covid-19 pandemic** *(Pages 79 - 84)*
    To receive, and note, a report from the Devon Audit Partnership updating the Audit Committee on how they are looking to adjust ways of working to help deliver their work, in particular the 2020/21 Internal Audit plan. Also how they aim to provide wider support to organisations as they respond to the challenges brought about by Covid-19.

12. **Internal Audit Charter and Strategy** *(Pages 85 - 100)*
To receive and approve a report from the Internal Audit Team Manager presenting the Committee with the Internal Audit Charter and Strategy for the effective operation of the internal audit service.

13. **Internal Audit Plan 2020/21** *(Pages 101 - 118)*
To receive and approve the Internal Audit Plan for 2020/2021 from the Head of the Audit Partnership. The Audit Committee is required to review and approve this in order to provide assurance to support the governance framework.

14. **Internal Audit Annual Report for 2019/2020** *(Pages 119 - 136)*
To receive, and note, a report from the Audit Manager updating the Committee on the work performed by Internal Audit during the 2019/20 financial year as required by the Public Sector Internal Audit Standards.

15. **Grant Thornton - Addendum to the Audit Plan** *(Pages 137 - 140)*
To receive, and note, a report from the External Auditors providing an update to the planned scope and timing of the statutory audit of Mid Devon District Council in light of the unprecedented global response to the Covid-19 pandemic.

16. **Chairman's Annual Report for 2019 / 2020** *(Pages 141 - 144)*
To receive the Chairman's Annual Report for 2019 / 2020.

17. **Start time of meetings**
To agree the start time of meetings for the remainder of the municipal year.

18. **Identification of items for the next meeting**
Members are asked to note that the following items are identified in the work programme for the next meeting:

- Annual Governance Statement for 2019 / 2020 and Corporate Governance Framework
- Annual Report and Accounts for 2019 / 2020
- Grant Thornton Audit Findings for 2019 / 2020
- Grant Thornton Fee Letter

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

Stephen Walford
Chief Executive
Friday 22 May 2020

Covid-19 and meetings

The Council will be holding some meetings in the next few weeks, but these will not be in person at Phoenix House until the Covid-19 crisis eases. Instead, the meetings will be held remotely via Zoom and you will be able to join these meetings via the internet. Please see the instructions on each agenda and read the Protocol on Remote Meetings before you join.

If you want to ask a question or speak, email your full name to Committee@middevon.gov.uk by **no later than 4pm on the day before the meeting**. This will ensure that your name is on the list to speak and will help us ensure that you are not missed – as you can imagine, it is easier to see and manage public speaking when everyone is physically present in the same room. Notification in this way will ensure the meeting runs as smoothly as possible.

If you require any further information, please contact Sarah Lees on:
slees@middevon.gov.uk

Mid Devon District Council - Remote Meetings Protocol

1.   Introduction

The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations permit remote attendance in Local Authority meetings.

Remote attendance is permitted as long as certain conditions are satisfied. These include that the Member is able to hear and be heard by the other Members in attendance. Also, being able to hear and be heard by any members of the public entitled to attend the meeting (in line with the public participation scheme). A visual solution is preferred, but audio is sufficient.

This also relates to members of the public attending the meeting also being heard. The regulations are clear that a meeting is not limited to those present in the same place, but includes electronic, digital or virtual locations (internet locations, web addresses or conference call telephone numbers).

2.   Zoom

Zoom is the system the Council will be using for the time-being to host remote / virtual meetings. It has functionality for audio, video, and screen sharing and you do not need to be a member of the Council or have a Zoom account to join a Zoom meeting.

3.   Access to documents

Member Services will publish the agenda and reports for committee meetings on the Council's website in line with usual practice. Paper copies of agendas will only be made available to those who have previously requested this and also the Chair of a virtual meeting.

If any other Member wishes to have a paper copy, they must notify the Member Services before the agenda is published, so they can arrange to post directly – it may take longer to organise printing, so as much notice as possible is appreciated. Printed copies will not be available for inspection at the Council's offices and this requirement was removed by the Regulations.

4.   Setting up the Meeting

This will be done by Member Services. They will send a meeting request via Outlook which will appear in Members' Outlook calendar. Members will receive a URL link to click on to join the meeting.

5.   Public Access

Members of the public will be able to use a weblink and standard internet browser. This will be displayed on the front of the agenda.

6.   Joining the Meeting

Councillors must join the meeting early (i.e. at least ==five== minutes before the scheduled start time) in order to avoid disrupting or delaying the meeting. Councillors should remember that they may be visible and heard by others, including the public, during this time.

7.   Starting the Meeting

At the start of the meeting, the Member Services Officer will check all required attendees are present (viewing the participant list) and that there is a quorum. If there is no quorum, the meeting will be adjourned. This applies if, during the meeting, it becomes inquorate for whatever reason.

The Chair will remind all Members, Officers and the Public that **all microphones will be automatically muted,** unless and until they are speaking. This prevents background noise, coughing etc. which is intrusive and disruptive during the meeting. The Hosting Officer will enforce this and will be able to turn off participant mics when they are not in use. Members would then need to turn their microphones back on when they wish to speak.

8.   Public Participation

Participation by members of the public will continue in line with the Council's current arrangements as far as is practicable. However, to ensure that the meeting runs smoothly and that no member of the public is missed, all those who wish to speak must register **by 4pm on the day before the meeting**. They should email their full name to Committee@middevon.gov.uk. If they wish to circulate their question in advance, that would be helpful.

At public question time, the Chair will invite the public by name to speak at the appropriate time. At that point, all public microphones will be enabled. This means that, to avoid private conversations being overheard, no member of the public should speak until it is their turn and they should then refrain from speaking until the end of public question time, when all microphones will be muted again. In the normal way, the public should state their full name, the agenda item they wish to speak to **before** they proceed with their question.

Unless they have registered, a member of the public will not be called to speak.

If a member of the public wishes to ask a question but cannot attend the meeting for whatever reason, there is nothing to prevent them from emailing members of the Committee with their question, views or concern in advance. However, if they do so, it would be helpful if a copy could be sent to Committee@middevon.gov.uk as well.

9.   Declaration of Interests

Councillors should declare their interests in the usual way. A councillor with a disclosable pecuniary interest is required to the leave the room. For remote meetings, this means that they will be moved to a break-out room for the duration

of this item and will only be invited back into the meeting when discussion on the relevant item has finished.

10.   The Meeting and Debate

The Council will not be using the Chat function.

The Chair will call each member of the Committee to speak - the Chair can choose to do this either by calling (i) each member in turn and continuing in this way until no member has anything more to add, or (ii) only those members who indicate a wish to speak using the 'raise hand' function within Zoom. This choice will be left entirely to the Chair's discretion depending on how they wish to manage the meeting and how comfortable they are using the one or the other approach.

Members are discouraged from physically raising their hand in the video to indicate a wish to speak – it can be distracting and easily missed/misinterpreted.   No decision or outcome will be invalidated by a failure of the Chair to call a member to speak – the remote management of meetings is intensive and it is reasonable to expect that some requests will be inadvertently missed from time to time.

When referring to reports or making specific comments, Councillors should refer to the report and page number, so that all Members of the Committee have a clear understanding of what is being discussed at all times.

11.   Voting

On a recommendation or motion being put to the vote, the Chair (or the Member Services Officer) will go round the virtual room and ask each member entitled to vote to say whether they are for or against or whether they abstain. The Member Services Officer will announce the numerical result of the vote.

12.   Meeting Etiquette Reminder

- Mute your microphone – you will still be able to hear what is being said.
- Only speak when invited to do so by the Chair.
- Speak clearly and please state your name each time you speak
- If you're referring to a specific page, mention the page number.

13.   Part 2 Reports and Debate

There are times when council meetings are not open to the public, when confidential, or "exempt" issues – as defined in Schedule 12A of the Local Government Act 1972 – are under consideration. It is important to ensure that there are no members of the public at remote locations able to hear or see the proceedings during such meetings.

Any Councillor in remote attendance must ensure that there is no other person present – a failure to do so could be in breach of the Council's Code of Conduct.

If there are members of the public and press listening to the open part of the meeting, then the Member Services Officer will, at the appropriate time, remove them to a break-out room for the duration of that item. They can then be invited back in when the business returns to Part 1.

Please turn off smart speakers such as Amazon Echo (Alexa), Google Home or smart music devices. These could inadvertently record phone or video conversations, which would not be appropriate during the consideration of confidential items.

14. Interpretation of standing orders

Where the Chair is required to interpret the Council's Constitution and procedural rules in light of the requirements of remote participation, they may take advice from the Member Services Officer or Monitoring Officer prior to making a ruling. However, the Chair's decision shall be final.

15. Disorderly Conduct by Members

If a Member behaves in the manner as outlined in the Constitution (persistently ignoring or disrobing the ruling of the Chair or behaving irregularly, improperly or offensively or deliberately obstructs the business of the meeting), any other Member may move 'That the member named be not further heard' which, if seconded, must be put to the vote without discussion.

If the same behaviour persists and a Motion is approved 'that the member named do leave the meeting', then they will be removed as a participant by the Member Services Officer.

16. Disturbance from Members of the Public

If any member of the public interrupts a meeting the Chair will warn them accordingly. If that person continues to interrupt or disrupt proceedings the Chair will ask the Member Services Officer to remove them as a participant from the meeting.

17. After the meeting

Please ensure you leave the meeting promptly by clicking on the red phone button to hang up.

18. Technical issues

In the event that the Chair, the Hosting Officer or the Member Services Officer identifies a problem with the systems from the Council's side, the Chair should declare a recess while the fault is addressed. If it is not possible to address the fault and the meeting becomes inquorate through this fault, the meeting will be adjourned until such time as it can be reconvened.

If the meeting was due to determine an urgent matter or one which is time-limited and it has not been possible to continue because of technical difficulties, the Chief Executive, Leader and relevant Cabinet Member, in consultation with the Monitoring Officer, shall explore such other means of taking the decision as may be permitted by the Council's constitution.

For members of the public and press who experience problems during the course of a meeting e.g. through internet connectivity or otherwise, the meeting will not be suspended or adjourned.

This page is intentionally left blank

MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **AUDIT COMMITTEE** held on 28 January 2020 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 Financial Services), David Curnow (Deputy Head of Devon Audit Partnership) and Sarah Lees (Member Services Officer)

57. **APOLOGIES**

There were no apologies for absence.

58. **DECLARATION OF INTERESTS UNDER THE CODE OF CONDUCT**

There were no interests declared under this item.

59. **PUBLIC QUESTION TIME**

There were no members of the public present.

60. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman informed the Committee that the Group Manager for Financial Services, Jo Nacey, would be leaving the authority to take up a post elsewhere. On behalf of the committee he extended his thanks to Jo for all the hard work she had undertaken for the Council. She had shown respect, diplomacy, good grace and always wore a smile. He wished her well for the future.

61. **MINUTES OF THE PREVIOUS MEETING**

The minutes of the meeting held on 10 December 2019 were confirmed as a true and accurate record and **SIGNED** by the Chairman.

62. **PERFORMANCE & RISK REPORT**

The Committee had before it, and **NOTED**, 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. The report had been discussed by

three Policy Development Groups and the Scrutiny Committee. There had been discussion at the Scrutiny Committee about the Council's carbon footprint with a suggestion that Mid Devon's be compared with that of other authorities. However, it was felt that this would not add much value since figures were not directly comparable given that other authorities provided different services in house.

Further discussion took place with regard to:

- How well the Private Sector Housing team were performing in 'bringing empty homes back into use'.
- Whether a trend line in relation to the number of empty shops bar chart would add any value?
- The number of days lost due to sickness. This topic had regularly been discussed by the Committee with the promise of a revised policy being drawn up by officers some time ago. The Committee were informed that a revised policy had been circulated to Group Managers this week with a view to it being fully adopted by 1st February 2020. The Chairman requested that the Committee receive reassurance from the Leadership Team that the policy was now in place and had gone through all the required processes, for example, the union.
- The need for a thorough analysis of the performance indicators in relation to the Council's commitment to the climate change declaration and the new Corporate Plan.
- A mitigating action in relation to GDPR compliance risk being behind target, however, the Committee were reassured that there was an action plan in place and officers knew what they had to do going forwards.

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

63. EXTERNAL AUDIT PROGRESS REPORT

The External Auditor provided a verbal update on where Grant Thornton were in terms of delivering their responsibilities as the Council's external auditors. It was explained that since the last Audit Committee they had had a second meeting with the Group Manager for Financial Services and the Deputy Chief Executive (S151). They had started work on the value for money risks and confirmed that the pooling of capital receipts work had been completed. No issues of concern had been identified.

64. EXTERNAL AUDITORS AUDIT PLAN FOR 2019/2020

The Committee had before it, and **NOTED**, a report from Grant Thornton providing an overview of the planned scope and timing of the statutory audit of Mid Devon District Council for the year ending 31st March 2020.

Key highlights within the report included the following:

- Those risks requiring special audit consideration continued to be in relation to the 3 Rivers Development Limited and the employer's pension fund liability as there was a significant amount of estimation in these areas.
- There were also risks in relation to changes within the Finance team with the Group Manager and an Accountant having recently left or about to leave. This

would leave a gap in terms of expertise and staff resource until replacement members of staff were fully conversant with the Council's processes.

- The proposed fee for the 2019/2020 external audit would be £44,229.
- From Grant Thornton's initial discussions with officers, 3 Rivers 'work in progress' was forecast to be c£9m. Although this did not meet the criteria requiring an external audit, it was a material balance to the group accounts and would need additional assessment by the external auditors.
- There had been a change to International Financial Reporting Standard (IFRS) 16 to do with leases. Under the new standard the current distinction between operating and finance leases is removed for lessees and, subject to certain exceptions, lessees will recognise all leases on their balance sheet as a right of use asset and a liability to make lease payments.
- The threshold for materiality would be kept at 2% of the Council's gross expenditure.
- With regard to financial sustainability the external auditors were keen to stress that the Council continued to face significant financial challenges over the medium term.
- The interim audit would commence in the following week with the final audit commencing at the end of May. A final report would be brought to the Audit Committee in July.

Consideration was given to:

- In order for 3 Rivers Development Limited to trigger an external audit they would need to meet 2 out of 3 criteria in relation to numbers of staff (50 or more), annual turnover (of more than £10.2m) and assets exceeding £5.1m. These criteria were not currently met. There was provision within the agreement for an external audit of 3 Rivers to be undertaken by an independent external audit company but it would be a costly expense to the Council and may not represent value for money given the overall percentage spend.

- The need for more information to the Audit Committee about exactly what the Grant Thornton audit of the 3 Rivers areas entailed and the results of their necessary risk assessments.
- The Committee were keen to more fully understand the external auditor's view of the Council's financial sustainability but the audit needed to be completed first before the Committee could have that discussion with them.
- The number of days and weeks the external auditors would be undertaking the audit in relation to the fee they were charging.

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

65. **IDENTIFICATION OF ITEMS FOR THE NEXT MEETING**

There were no further items identified for the next meeting other than those already listed within the work programme.

(The meeting ended at 6.25 pm)   **CHAIRMAN**

This page is intentionally left blank

AUDIT COMMITTEE
2 JUNE 2020

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

Please note that for all areas of the Council the results for March will have been understandably impacted by the effects of the Covid 19 pandemic. There are specific comments on the attached appendices reflecting this.

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**; the waste service has experienced significantly increased levels of recycling and residual waste during lockdown. The service was adversely affected by staff absences and constraints at the start of the pandemic but services are now mostly operating normally.

2.2   Regarding the Corporate Plan Aim: **Reduce our carbon footprint**: There has been some movement on the climate declaration agenda over the last couple of months and the pandemic has had a positive effect on carbon emissions and air quality improvement as has been reported nationally in the press. As part of the work towards recovery ways of capitalising on these positive effects is being considered.

Homes Portfolio - Appendix 2

2.3   Regarding the Corporate Plan Aim: **Facilitate the housing growth that Mid Devon needs, including affordable housing: Bringing Empty homes into use** has well exceeded the annual target and the number of affordable homes delivered was well above target @ 31 December, the quarter 4 figure will not be available until the end of May.

2.4   Regarding the Corporate Plan Aim: **Planning and enhancing the built environment:** the Cullompton Masterplan and Delivery Plan and Tiverton Eastern Urban Extension consultations are now completed.

2.5   The Planning Inspector's post examination report into the Local Plan Review is expected this month.

2.6   **Other:** most measures were either on or above target except for **Average days to re-let** which was just outside the target of 14 days however lettings have been suspended during lockdown. And **Properties with a valid gas safety certificate,** this has been even more difficult during the lockdown with some tenants refusing access or self-isolating. Our contractor has continued to work throughout the lockdown and is to be commended for their work and safe working practices.

2.7   Staff have continued to provide a high level of support to tenants working from home during the pandemic. They have also had to deal with increased numbers of homelessness approaches. Repairs staff have been redeployed to maintain corporate assets while non-urgent work has been suspended during the lockdown.

<u>Economy Portfolio - Appendix 3</u>

2.8 Regarding the Corporate Plan Aims: **Attract new businesses to the District and Focus on business retention and growth of existing businesses;** we record **Businesses supported,** this includes new and existing businesses.

2.9 During the Covid 19 pandemic the Growth and Economic Development service have been heavily involved with processing the business support grants (with Revenues service) and co-ordinating community voluntary groups, they have also taken the lead in the Council's shielding response.

<u>Community Portfolio - Appendix 4</u>

2.10 The Council's Leisure centres have been closed since 20 March most staff have been furloughed but a number have been re-deployed to other services, including several to the community shielding project. Others include staff helping with back office, grant applications and cleaners to help with the extra hygiene requirements during the pandemic.

<u>Corporate - Appendix 5</u>

2.11 **Working days lost due to sickness** is below target but still better than last year. This is likely to deteriorate because of Covid 19. In addition the current pandemic has made challenging short term sickness and reoccurring patterns more difficult.

2.12 The **Response to FOI requests** have been 100% on time since April 2019.

2.13 The **% total Council Tax collected** and **% total NNDR collected** are both on target. This has deteriorated since due to the pandemic. Staff have suspended collections work and concentrated on processing small business grants and the council tax relief hardship fund.

3.0 Risk

Some risk scores have increased due to the Covid 19 pandemic especially as regards financing and homelessness.

3.1 The Corporate risk register is regularly reviewed by Group Managers and Leadership Team 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

* 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
Residual household waste per household (measured in Kilograms) (figures have to be verified by DCC)	363.69	365.00	36.52	66.32	93.65	123.35	150.40	177.00	208.78	238.38	268.55	297.99	326.28	365.00	Stuart Noyce	(April - March) On target for the year. An even better result would have been acheived however the effect of families being at home for a sustained period has

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
																resulted in an increase in residual waste of 107 tonnes compared to March 19. (LD)
% of Household Waste Reused, Recycled and Composted (figures have to be verified by DCC)	53.43%	54.00%	48.80%	52.90%	54.03%	54.14%	54.31%	54.71%	54.45%	54.11%	54.12%	53.91%	53.29%	53.02%	Stuart Noyce	(March) Due to lockdown conditions imposed as a result of the Covid 19 pandemic garden waste collections were cancelled for a period of two weeks resulting in 104 tonnes less collected compared to March 19. An effect of families being at home for a sustained

Page 20

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
Net annual cost of waste service per household	£45.55	£45.00	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	£43.80	Stuart Noyce	period has resulted in an increase in residual waste of 107 tonnes compared to March 19. If March 19 tonnage were applied to this years figures (Apr 19 to Feb 20) the recycling rate would have been 53.7% despite a reduction in voluntary composting group contributions. (LD) (2019 - 2020) Direct costs have decreased by 11% this year;

Page 21

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
																however there has been an increase in support charges of 23% (LD)
Number of Households on Chargeable Garden Waste	9,904	10,000	9,921	10,102	10,109	10,195	10,266	10,241	10,155	10,072	10,188	10,184	10,208	10,007	Stuart Noyce	(March) slightly better than target (LD)
% of missed collections reported (refuse and organic waste)	0.04%	0.03%	0.01%	0.01%	0.01%	0.01%	0.02%	0.02%	0.02%	0.02%	0.01%	0.02%	0.02%	0.02%	Stuart Noyce	(March) The steady rate of improvement seen at the latter end of the previous year has continued throughout this year; missed collections have improved by 50% (LD)
% of	0.02%	0.03%	0.02%	0.02%	0.02%	0.02%	0.03%	0.03%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	Stuart	(March) The

Page 22

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
Missed Collections logged (recycling)															Noyce	steady rate of improvement seen at the latter end of the previous year has continued throughout this year; missed collections have improved by 50% (LD)

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
Number of Fixed Penalty Notices (FPNs) Issued (Environment)	17	No target	2	4	6	8	10	10	10	10	11	14	17	18	Stuart Noyce	(March) District Officer cover for the past three months has reduced from 3.8 FTE's to 2.8 FTE's. The post was due to be filled in January; this was delayed for several months. (LD)

This page is intentionally left blank

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

* 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
Build Council Houses	6	6	26	0	0	0	0	0	26	26	26	26	26	26	26	Angela Haigh	(March) In addition to building 26 properties we also repurchased 3 former Council Houses sold under the RTB scheme (AH)

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
Number of affordable homes delivered (gross)	37 (3/4)	87	100	n/a	n/a	22	n/a	n/a	68	n/a	n/a	85	n/a	n/a		Angela Haigh	(Quarter 1 - 2) Info. from Planning (CY)
Deliver homes by bringing Empty Houses into use	150	150	72	17	33	42	55	72	84	95	97	106	120	120	138	Simon Newcombe	(March) February and March figures are combined as data was not provided for Feb (TW)

Aims: Other

Page 25

Corporate Plan PI Report Homes

Priorities: Homes

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
% Decent Council Homes	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	99.9%	100.0%	100.0%	100.0%	Angela Haigh	
% Properties With a Valid Gas Safety Certificate	100.00%	100.00%	100.00%	99.78%	99.82%	99.91%	99.91%	99.96%	100.00%	99.96%	99.87%	99.78%	99.78%	99.73%	99.82%	Angela Haigh	
Rent Collected as a Proportion of Rent Owed	100.18%	100.18%	97.00%	91.58%	99.90%	98.35%	100.93%	99.30%	98.50%	100.26%	98.37%	98.90%	99.03%	98.97%	99.54%	Angela Haigh	
Current Tenant Arrears as a Proportion of Annual Rent Debit	0.79%	0.79%	2.50%	1.10%	0.87%	1.11%	1.09%	0.91%	1.17%	1.14%	1.29%	1.12%	1.15%	1.24%	0.97%	Angela Haigh	
Dwelling rent lost due to voids	0.50%	0.50%	0.70%	0.50%	0.50%	0.48%	0.48%	0.52%	0.53%	0.55%	0.56%	0.57%	0.56%	0.56%	0.56%	Angela Haigh	
Average Days to Re-Let Local Authority Housing	14.3days	14.3days	14.0days	14.0days	14.5days	14.0days	13.2days	14.1days	14.0days	14.0days	14.2days	14.2days	14.6days	14.7days	14.8days	Angela Haigh	

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 |

* 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)	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
Number of business rate accounts	3,094	3,150	3,104	3,112	3,123	3,137	3,149	3,155	3,180	3,186	3,205	3,218	3,231	3,241	Dean Emery	

Aims: Focus on business retention and growth of existing businesses

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
Businesses supported	243 (11/12)	250	21	57	84	107	124	141	157	176	192	207	216		Adrian Welsh	(February) FEB 17: 8 businesses Assisted and 1 new enquiry (MF), Number of businesses assisted

Corporate Plan PI Report Economy

Priorities: Economy

Aims: Focus on business retention and growth of existing businesses

Aims: Improve and regenerate our town centres

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
Increase in Car Parking Vends	45,893 (10/12)		51,120	51,775	48,697	50,894	51,261	50,325	53,392	52,568	52,388	48,961			Andrew Jarrett	
The Number of Empty Shops (TIVERTON)	18	18	n/a	n/a	17	n/a	n/a	21	n/a	n/a	21	n/a	n/a	21	Adrian Welsh	Number of vacant retail units, (Quarter 4) Jan 17: 21 vacant units out of 242 units representing 8.7% of the total units. (MF)
The Number of Empty Shops (CREDITON)	7	8	n/a	n/a	6	n/a	n/a	10	n/a	n/a	10	n/a	n/a	9	Adrian Welsh	Number of vacant retail units, (Quarter 4) JAN 31: 9 vacant units out of 118 units representing 7.6% of total units in Crediton (MF)

Corporate Plan PI Report Economy

Priorities: Economy

Aims: Improve and regenerate our town centres

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
The Number of Empty Shops (CULLOMPTON)	11	8	n/a	n/a	12	n/a	n/a	7	n/a	n/a	7	n/a	n/a	7	Adrian Welsh	The number of vacant retail units, (Quarter 4) JAN 31: 7 vacant units out of 89 units, representing 7.9% of the total units. (MF)

Aims: Other

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
Funding awarded to support economic projects	£160,395 (3/4)	£100,000	n/a	n/a	£10,000	n/a	n/a	£10,000	n/a	n/a	£29,637	n/a	n/a		Adrian Welsh	(Quarter 3) £12,637 (euros 15,000) awarded from WiFi4EU Programme £7,000 LGA Advisors Programme (JB), Funding actively sought for corporate priorities

Page 29

This page is intentionally left blank

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
Compliance with food safety law	88%	88%	90%	93%	93%	92%	93%	93%	92%	92%	92%	91%	92%	92%	92%	Simon Newcombe	

Printed by: Catherine Yandle	SPAR.net	Print Date: 15 May 2020 17:00

Page 31

This page is intentionally left blank

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

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

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
% of complaints resolved w/in timescales (10 days - 12 weeks)	94%	94%	90%	96%	98%	95%	95%	96%	96%	95%	95%	94%	95%	95%	94%	Lisa Lewis	(March) 4 complaints still open at 4 weeks - will check again at 8 & 12 weeks 3 complaints still open at 8 weeks - will check again at 12 weeks (RT)
Number of Complaints	29	29		26	31	33	34	33	31	30	29	28	28	27	26	Lisa Lewis	(March) reduction in complaints possibly due to Covid-19 (RT)
New Performance Planning Guarantee	99%	99%	100%	n/a	n/a	99%	n/a	n/a	99%	n/a	n/a	99%	n/a	n/a	100%	Jenny Clifford, Eileen Paterson	(Quarter 1) Down by 1 FTE (RP)

Printed by: Catherine Yandle | **SPAR.net** | **Print Date: 15 May 2020 17:01**

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
determine within 26 weeks																	
Major applications determined within 13 weeks (over last 2 years)	85%	85%	60%	n/a	n/a	72%	n/a	n/a	72%	n/a	n/a	73%	n/a	n/a	71%	Jenny Clifford, Eileen Paterson	(Quarter 1) 1 FTE down (RP)
Minor applications determined within 8 weeks (over last 2 years)	78%	78%	65%	n/a	n/a	77%	n/a	n/a	78%	n/a	n/a	78%	n/a	n/a	79%	Jenny Clifford, Eileen Paterson	
Major applications overturned at appeal (over last 2 years)	3%	3%	10%	n/a	n/a	0%	n/a	n/a	2%	n/a	n/a	2%	n/a	n/a	2%	Jenny Clifford, Eileen Paterson	(Quarter 1) down by 1 FTE (RP)
Major applications overturned at appeal % of appeals	n/a	n/a	% Appeals overturned in Q /No of appeals decided in quarter / 2 Appeal Decisions in Q3/ 0 Overturne	n/a	n/a		n/a	n/a	40.00%	n/a	n/a	20.00%	n/a	n/a	13.33%	Jenny Clifford	(Quarter 3) % Appeals overturned appeals vs No of appeals decided in quarter 2 Appeal Decisions in Q3 0 Overturned in Quarter 3 (RP)
Minor applications overturned	0%	0%	10%	n/a	n/a	0%	n/a	n/a	0%	n/a	n/a	0%	n/a	n/a	0%	Jenny Clifford, Eileen	

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
at appeal (over last 2 years)	🟩	🟩				🟩			🟩			🟩			🟩	Paterson	
Minor applications overturned at appeal % of appeals	n/a	n/a		n/a	n/a		n/a	n/a	42%	n/a	n/a	26%	n/a	n/a	18%	Jenny Clifford	(Quarter 3) % Appeals overturned in Q/% Overturned in Quarter 1 Appeal Overturned 10 Appeals Decided in Quarter (RP)
Response to FOI Requests (within 20 working days)	95%	95%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	Catherine Yandle	(March) 41 replies all on time (CY)
FOI/EIR Requests where the information was granted in full	n/a	n/a	2018 -19 Q 3 & 4 190 i.e. 59.4%	35	21	28	41	37	26	36	36	29	38	45	28	Catherine Yandle	
ICO Decision Notices	n/a	n/a	There were 4 complaints in 2018-19 2 Withdrawn 1 Upheld 1 Not Upheld	0	0	1	2	3	3	3	3	3	3	3	3	Catherine Yandle	(August) I partially upheld, 1 not upheld, 1 withdrawn (CY)
Working Days Lost Due to	8.24days	8.24days	7.00days	0.46days	0.96days	1.55days	2.17days	2.88days	3.51days	4.18days	4.79days	5.59days	6.62days	7.33days	8.12days	Matthew Page	

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
Sickness Absence																	
% total Council tax collected - monthly	97.79%	97.79%		11.16%	20.41%	29.29%	38.20%	47.15%	56.18%	65.93%	74.94%	83.97%	92.93%	95.48%	98.50%	Dean Emery	(January) 0.16% down on last years target looks wrong (DE)
% total NNDR collected - monthly	99.29%	99.29%	99.20%	12.02%	24.00%	33.07%	40.40%	48.98%	57.25%	65.21%	72.43%	80.12%	89.39%	93.51%	99.20%	Dean Emery	(January) 1.12% UP ON LAST YEARS - Targets may need to be revisited to take into account growth and 12 monthly payers FW and DE will take some time to look. (DE)
Number of visitors per month	1,923	1,923	2,500	1,361	1,355	1,257	1,212	1,189	1,200	1,234	1,234	1,194	1,200	1,187	1,157	Lisa Lewis	(March) dealing with Covid-19, opening hours reduced (RT)

Page 36

Corporate Risk Management Report - Appendix 6

Report for 2020-2021
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:	Milestone Missed	Behind schedule	In progress	Completed and evaluated	No Data available

Risks:	No Data (0+)	High (15+)	Medium (6+)	Low (1+)

Corporate Risk Management Report - Appendix 6

Risk: Affordable and Council Housing Demand Housing supply does not meet local demand or reflect demographic shifts like increased demand for single occupancy

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	Detailed Analysis of Housing Need	Provision of 'heat map' to show where housing need is gathered by geographical area	Claire Fry	28/05/2013	**12/05/2020**	**Fully effective (1)**
In progress	Review of Housing Register	The register is regularly reviewed to minimise the incidence of fraud and to ensure that it represents a true picture of housing need. We also participate in the NFI waiting list matches.	Claire Fry	31/12/2019	**12/05/2020**	**Positive(2)**

Current Status: High (16)	Current Risk Severity: 4 - High	Current Risk Likelihood: 4 - High

Service Manager: Claire Fry

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. Impact of climate change on the financial viability of the Council.

Service: Governance

Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
Completed and evaluated	Cabinet Member for Climate Change	Was appointed in January 2020 with specific responsibility for the climate change agenda.	Catherine Yandle	17/02/2020	**18/05/2020**	**Fully effective (1)**
In progress	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	**18/05/2020**	**Positive(2)**
In progress	Devon Climate Emergency – Tactical Group	MDDC are part of the tactical group for the climate emergency that has strategic links to our own plans. The group met most recently on 6 May 2020.	Catherine Yandle	18/05/2020	**18/05/2020**	**Positive(2)**
In progress	Net Zero Advisory Group	This was approved by Cabinet on 23 April terms of reference to be progressed for the group, membership confirmed and a date of the first meeting to be scheduled.	Catherine Yandle	18/05/2020	**18/05/2020**	**Positive(2)**

Current Status: High (20)	**Current Risk Severity: 5 - Very High**	**Current Risk Likelihood: 4 - High**

Service Manager: Catherine Yandle

Corporate Risk Management Report - Appendix 6

Risk: Coronavirus Pandemic There is now a significant risk to MDDC's ability to conduct business as usual

Service: Public Health

Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
In progress	Business Continuity Planning (BCP)	BCPs have been reviewed. Regular updates are being obtained from Public Health England and the Local Resiliance Forum. Weekly meetings of managers and Leadership Team via Skype.	Catherine Yandle	06/03/2020	**13/03/2020**	Positive(2)
In progress	Financial and Economic effects monitoring	To ensure that local authorities including MDDC are reimbursed in full for the Covid 19 response by Central government. At present we have been given approx. 20% of the costs to date in extra funding	Catherine Yandle	13/05/2020		**Poor - action required (3)**

Current Status: High (25)	Current Risk Severity: 5 - Very High		Current Risk Likelihood: 5 - Very High
Service Manager: Simon Newcombe			

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	**15/05/2020**	**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	**15/05/2020**	**Fully effective (1)**
In progress	Regular user awareness training	Staff and Member updates help to reduce the risk	Alan Keates	03/01/2019	**15/05/2020**	**Positive(2)**
Completed and evaluated	Technical controls in place	Required to maintain Public Sector Network certification	Alan Keates	03/01/2019	**15/05/2020**	**Fully effective (1)**

Current Status: High (20)	**Current Risk Severity: 5 - Very High**	**Current Risk Likelihood: 4 - High**

Service Manager: Alan Keates

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
In progress	Continue to seek out existing and new funding opportunities	To assist in ensuring adequate funding for delivery.	Adrian Welsh	10/06/2019	**12/05/2020**	**Positive(2)**
In progress	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	**12/05/2020**	**Positive(2)**
In progress	Project Management	Continue rigorous project management, monitoring and reporting	Adrian Welsh	10/06/2019	**12/05/2020**	**Positive(2)**
In progress	Recovery Plans	Recovery Plans will be put in place to aid recovery.	Adrian Welsh	12/05/2020	**12/05/2020**	**Positive (2)**
In progress	Review and repriotisation	Part of review of projects for Year 2 actions. This will consider maximising investment and prioritising officer time.	Adrian Welsh	31/01/2020	**12/05/2020**	**Positive(2)**

Current Status: High (20)	**Current Risk Severity: 4 - High**	**Current Risk Likelihood: 5 - Very High**

Service Manager: Jenny Clifford

Corporate Risk Management Report - Appendix 6

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**
In progress	Lobbying	Officers will continue to review funding opportunities and seek opportunities to work closely with local partners and the HotSWLEP to seek additional funding support for key infrastructure.	Adrian Welsh	12/05/2020	**12/05/2020**	**Positive (2)**
In progress	Officers have reprioritised work programmes to explore new funding opportunities	End of European funding sources	Adrian Welsh	10/06/2019	**12/05/2020**	**Positive(2)**
Current Status: High (16)		**Current Risk Severity: 4 - High**		**Current Risk Likelihood: 4 - High**		
Service Manager: Adrian Welsh						

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
In progress	IDOX Records Handling Plan	To utilize IDOX bulk data handling tool across the Council services using Uniform	Catherine Yandle	01/03/2019	**08/03/2020**	**Positive(2)**
In progress	Records Management Action Plan	To improve identified issues with records management	Catherine Yandle	15/06/2018	**08/03/2020**	**Positive(2)**

Current Status: Medium (10)	Current Risk Severity: 5 - Very High	Current Risk Likelihood: 2 - Low

Service Manager: Catherine Yandle

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: Governance

Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
In progress	Risk assessments	Group Managers contacted with request to update the outstanding risk reviews	Catherine Yandle	20/09/2019	**20/11/2019**	**Positive(2)**
Completed and evaluated	Risk Assessments	Review risk assessments and procedures to ensure that we have robust arrangements in place.\n\nIn progress ready for September reports.	Catherine Yandle	28/05/2013	**20/11/2019**	**Fully effective (1)**

Current Status: Medium (10)	Current Risk Severity: 5 - Very High	Current Risk Likelihood: 2 - Low

Service Manager: Catherine Yandle

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 and fully functional including reporting facility.	Claire Fry	05/09/2017	**12/05/2020**	**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 was reviewed Autumn 2019.	Claire Fry	22/06/2017	**12/05/2020**	**Fully effective (1)**

Current Status: High (16)	Current Risk Severity: 4 - High		Current Risk Likelihood: 4 - High
Service Manager: Claire Fry			

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
In progress	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	**08/03/2020**	Positive(2)
Completed and evaluated	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	**08/03/2020**	**Fully effective (1)**

Current Status: High (15)	Current Risk Severity: 5 - Very High	Current Risk Likelihood: 3 - Medium

Service Manager: Catherine Yandle

Corporate Risk Management Report - Appendix 6

Risk: Infrastructure delivery Inability to deliver, or delay in deliverying, key transport infrastructureto 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
In progress	Partnership working	Close working with delivery partners to attempt to mitigate risks.	Adrian Welsh	12/05/2020	**12/05/2020**	Positive (2)
In progress	Partnership working with infrastructure providers and statutory bodies	Reduce risk of delays and communication.	Adrian Welsh	10/06/2019	**12/05/2020**	Positive(2)
In progress	target funding opportunities	To seek to bring forward delivery	Adrian Welsh	10/06/2019	**12/05/2020**	Positive(2)

Current Status: High (16)	**Current Risk Severity: 4 - High**		**Current Risk Likelihood: 4 - High**
Service Manager: Jenny Clifford			

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
In progress	This is an opportunity - Communication with third parties needed		Jo Nacey	02/08/2019	**02/08/2019**	Positive(2)

Current Status: Medium (12)	**Current Risk Severity: 4 - High**		**Current Risk Likelihood: 3 - Medium**
Service Manager: Ian Chilver			

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
In progress	Engaging in commercial activities		Jo Nacey	28/09/2017	**15/05/2020**	**Positive(2)**
In progress	Medium term planning		Jo Nacey	28/09/2017	**15/05/2020**	**Positive(2)**

Current Status: High (15)	Current Risk Severity: 5 - Very High	Current Risk Likelihood: 3 - Medium

Service Manager: Ian Chilver

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**
In progress	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	**15/05/2020**	Positive(2)
In progress	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	**15/05/2020**	Positive(2)
In progress	Reserves	Cabinet have taken the decision to recommend a minimum general reserve balance of 25% of Net annual budget.	Andrew Jarrett	28/05/2013	**15/05/2020**	Positive(2)
In progress	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	**15/05/2020**	Positive(2)
Current Status: High (16)		**Current Risk Severity: 4 - High**			**Current Risk Likelihood: 4 - High**	
Service Manager: Ian Chilver						

Corporate Risk Management Report - Appendix 6

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
No Data available	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	**18/05/2020**	No Score(0)

Current Status: Medium (10)	Current Risk Severity: 5 - Very High	Current Risk Likelihood: 2 - Low

Service Manager: Jane Lewis

Corporate Risk Management Report - Appendix 6

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

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
In progress	S106 improvement project	A S106 improvement project is taking place to build a new system that will be able to effectively manage the process and provide better visibility over the information on S106 agreements and monies held/spent/ expected.	Jenny Clifford	04/10/2019	**15/05/2020**	Positive(2)

Current Status: Medium (10)	Current Risk Severity: 5 - Very High	Current Risk Likelihood: 2 - Low

Service Manager: Jenny Clifford

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
In progress	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	**15/05/2020**	Positive(2)
In progress	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	**15/05/2020**	Positive(2)

Current Status: High (20)	Current Risk Severity: 5 - Very High	Current Risk Likelihood: 4 - High

Service Manager: Ian Chilver

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
In progress	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	**15/05/2020**	**Positive(2)**
In progress	Liaison with External Auditors and 3 Rivers	We have regular discussions with our external auditors to ensure that we are providing the correct information for decision making purposes. We are mindful of the need to maintain commercial sensitivity but we are also aware that Members must be appraised to an appropriate level to be able to make informed decisions.	Jo Nacey	06/01/2020	**15/05/2020**	**Positive(2)**

Current Status: Medium (12)	Current Risk Severity: 4 - High	Current Risk Likelihood: 3 - Medium

Service Manager: Ian Chilver

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
In progress	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	**08/03/2020**	**Positive(2)**
In progress	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	**08/03/2020**	**Positive(2)**

Current Status: Medium (10)	Current Risk Severity: 5 - Very High	Current Risk Likelihood: 2 - Low

Service Manager: Catherine Yandle

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 compaigns & 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)**

Current Status: Medium (12)	Current Risk Severity: 4 - High		Current Risk Likelihood: 3 - Medium
Service Manager: Stuart Noyce			

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
In progress	Continue to retain and prioritise market budget	To ensure most efficient use of resources	Adrian Welsh	10/06/2019	**12/05/2020**	**Positive(2)**
In progress	continue to work with traders on promotion	To increase footfall.	Adrian Welsh	10/06/2019	**12/05/2020**	**Positive(2)**
In progress	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	**12/05/2020**	**Positive(2)**
In progress	Masterplan Implementation	To realise benefits from the Masterplan to increase visibility of market and increase footfall.	Adrian Welsh	10/06/2019	**12/05/2020**	**Poor - action required(3)**

Current Status: High (16)	Current Risk Severity: 4 - High	Current Risk Likelihood: 4 - High

Service Manager: Jenny Clifford

Corporate Risk Management Report - Appendix 6

Risk: Tiverton Town Centre Masterplan Failure to adopt and implement the Tiverton Town Centre Masterplan

Service: Planning

Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
In progress	Community and political enagement	Through the masterplanning process engagement is taking place with key stakeholders over the emerging masterplan. A further period of public consultation is also yet to take place.	Adrian Welsh	07/10/2019	**12/05/2020**	No Score(0)
In progress	Review first draft of masterplan	A review of draft masterplan and interventions/actions is being undertaken in light of the likely impacts of the pandemic	Jenny Clifford	12/05/2020	**12/05/2020**	No Score(0)

Current Status: Medium (12)	Current Risk Severity: 4 - High	Current Risk Likelihood: 3 - Medium

Service Manager: Jenny Clifford

Printed by: Catherine Yandle	SPAR.net	Print Date: 19 May 2020 08:28

Risk Matrix

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

Risk Likelihood		1 - Very Low	2 - Low	3 - Medium	4 - High	5 - Very High
	5 - Very High	No Risks	No Risks	No Risks	1 Risk	4 Risks
	4 - High	No Risks	No Risks	No Risks	8 Risks	2 Risks
	3 - Medium	1 Risk	No Risks	9 Risks	7 Risks	3 Risks
	2 - Low	No Risks	2 Risks	11 Risks	13 Risks	6 Risks
	1 - Very Low	4 Risks	1 Risk	3 Risks	2 Risks	5 Risks
		1 - Very Low	2 - Low	3 - Medium	4 - High	5 - Very High
		Risk Severity				

Printed by: Catherine Yandle	**SPAR.net**	**Print Date: 15 May 2020 17:58**

This page is intentionally left blank

AUDIT COMMITTEE
2 JUNE 2020

RISK & OPPORTUNITY MANAGEMENT POLICY

Cabinet Member	Cllr Bob Deed, Leader of the Council
Responsible Officer	Catherine Yandle, Group Manager for Performance, Governance and Data Security

Reason for Report: To present the Committee with the updated Risk & Opportunity Management Policy for approval

RECOMMENDATIONS:

The Committee approves the updated Risk & Opportunity Management Policy (Appendix A).

Relationship to Corporate Plan: Having effective Risk & Opportunity Management arrangements in place is crucial to enable the Council to identify opportunities and mitigate risks to the Priorities contained in the Corporate Plan.

Financial Implications: Failure to mitigate risks or take advantage of opportunities could result in financial loss to the Council.

Budget and Policy Framework: This policy is approved by Audit Committee annually.

Legal Implications: Potential breach of the Accounts and Audit Regulations (2015).

Risk Assessment:

i.   Failure to take advantage of opportunities and mitigate business risks could impact on the Council's ability to deliver its strategic objectives.

ii. Assessment of the effectiveness of the framework for identifying and managing risks and for performance and demonstrating clear accountability is a key element of the Council's governance arrangements.

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

1.0   Introduction

1.1   The Risk & Opportunity Management Policy was last updated and approved by the Audit Committee on 19 March 2019.

1.2   The Council has a legal obligation to comply with the requirements placed upon it by the Accounts and Audit Regulations (2015) to conduct a review at least once a year of its system of internal control and include a statement reporting on the review with any published Statement of Accounts. For a local authority in England that statement is the Annual Governance Statement as will be presented to this Committee with the Statement of Accounts in May.

1.3   One of the principles of good governance as defined by the International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) is: Managing risks and performance through internal control and strong public financial management.

1.4   Risk Management forms an integral part of the Annual Governance Statement which is concerned with demonstrating that the Council has adequate and effective internal control arrangements in place for dealing with key business risks.

1.5   The purpose of this report is to update the Council's Risk & Opportunity Management Policy (attached as Appendix A) for the 2020/21 financial year. For ease of reference the changes to the document have been tracked. The necessity to have adequate mitigating actions in place has been strengthened.

2.0   Risk Appetite/Tolerance and Reporting

2.1   Risk appetite is best summarised as 'the amount of risk an organisation is willing to seek or accept in pursuit of its long term objectives'. The Council aims to be risk aware, but not overly risk averse and to actively manage business risks to protect and grow the organisation. The Council's risk appetite scoring diagram or matrix is shown in section 2.2.

2.2   Risk tolerance is the level of risk which is acceptable to the Council. The Council's present tolerance levels are:

- **5 or less – Low**,
- **6 to 12 – Medium**,
- **15 to 25 - High**.

The matrix looks like this:

Impact		Likelihood				
5	5	10	15	20	25
4	4	8	12	16	20
3	3	6	9	12	15
2	2	4	6	8	10
1	1	2	3	4	5
	1	2	3	4	5

2.3   Risks scoring 10 and above are reported to Committees on the Performance and Risk reports 6 times a year from SPAR, the Corporate Service Performance and Risk Management system.

2.4   It is not proposed to change the Council's tolerance level or reporting arrangements at this time.

3.0   Conclusion

3.1   Risk & Opportunity Management is not a separate initiative, but is a demonstration of good management practice. The Council has an obligation to provide assurance to Members and the Community that the principles of good governance, including Risk & Opportunity Management are reflected in the activities of the Council.

3.2   Approval of the Risk & Opportunity Management Policy (Appendix A) will assist with the Council embedding Risk and Opportunity Management and demonstrating good Governance principles.

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

Circulation of the Report: Cllr Bob Deed and Management Team

This page is intentionally left blank

Risk & Opportunity Management Policy 20~~19/20~~20/21

1.0 BACKGROUND

1.1 This combined Risk and Opportunity Management Policy details the Council's framework for managing business risk and opportunity. The management of risk and opportunity is now acknowledged as a feature of public sector management. It is an integral part of the Council's Corporate Governance arrangements and the Council has a statutory responsibility under the Account and Audit Regulations to put in place arrangements for the management of risks.

1.2 The definition of risk varies. ALARM (the Association of Local Authority Risk Managers) defines Risk Management as follows:

"Risk Management is the culture, processes and structures that are directed towards effective management of potential opportunities and threats to the organisation achieving its objectives".

1.3 Developing and improving public services in the current challenging climate requires opportunities to be taken whilst managing the risks involved. Therefore Mid Devon District Council's definition of Risk and Opportunity Management is:

"The planned and systematic approach to identify, evaluate and manage the risks to, and opportunities for, to achievement of objectives"

1.4 The overall process of managing risk and opportunity can be divided into:

❑ The identification and analysis of risks and opportunities

❑ Risk and opportunity management, which encompasses the planning, controlling and monitoring of the information derived from the risk and opportunity analysis.

2.0 PURPOSE, AIMS AND OBJECTIVES

2.1 The purpose of the Policy is to embed risk and opportunity management in the Authority by establishing a risk management framework, which provides:

❑ An efficient control environment
❑ Accountability for risk and opportunity management throughout the organisation
❑ A culture where officers and Members are able to be more creative and innovative in taking opportunities that benefit the Council and the District provided that there is clear analysis of the risks and a robust justification for the decision
❑ A well-established risk and opportunity assessment process which ensures that risks and opportunities are considered and managed as part of the decision making process
❑ Performance monitoring of risk and opportunity management activity
❑ Communications process to support risk and opportunity management
❑ A robust opinion for the Annual Governance Statement which comments of the adequacy of the Council's risk and opportunity management arrangements

2.2 The aim of the MDDC Risk and Opportunity Management Policy is to adopt best practices in the identification and evaluation of risks and opportunities and the cost-effective control of risks to ensure that they are reduced to an acceptable level.

Risk & Opportunity Management Policy 20~~19/2020~~/21

Mid Devon
DISTRICT COUNCIL

2.3   It is acknowledged that some risks will always exist and will never be eliminated. All employees must understand the nature of risk and accept responsibility for risks associated with their area of authority. The necessary support, assistance and commitment of senior management will be provided.

2.4   The risk and opportunity management objectives of the Council are to:

❑ Embed risk and opportunity management into the culture of the Council
❑ Fully incorporate risk and opportunity management as an integral part of corporate planning, business planning, project management and performance management
❑ Manage risk and opportunity in accordance with best practice and in particular in accordance with the requirements of the Annual Governance Statement
❑ Consider legal compliance as a minimum
❑ Prevent injury and damage and reduce the cost of risk
❑ Raise awareness of the need for risk and opportunity management

2.5   These objectives will be achieved by:

❑ Establishing a clear risk and opportunity management process that is communicated to all officers and Members
❑ Clearly define roles and responsibilities for risk and opportunity management
❑ Developing an action plan for embedding risk and opportunity management with tasks and milestones for monitoring progress against targets
❑ Providing risk and opportunity management training to officers and members
❑ Completing corporate and operational risk and opportunity management workshops to identify risks
❑ Conducting risk and opportunity management workshops to identify the risks and opportunities of any major projects
❑ Maintaining and reviewing a register of corporate, operational and project risks and opportunities and assigning ownership for each risk
❑ Ensuring that reports to the Cabinet, Scrutiny Committee, Audit Committee, Policy Development Groups (PDGs) and Regulatory Committees include a risk and opportunity assessment
❑ Identifying risks and opportunities in relation to working in partnerships
❑ Ensuring that the Cabinet, Audit Committee, Scrutiny Committee and PDGs receive regular reports on the key business risks and opportunities and take action to ensure that business risks and opportunities are being actively managed.

2.6   The following sections consider how the Council will implement the above objectives.

3.0   ROLES AND RESPONSIBILITIES

3.1   The following groups and individuals have the following roles and responsibilities for risk and opportunity management within the Council.

3.2   The **Audit Committee** will approve this Risk and Opportunity Management Policy and any subsequent revisions. They will also monitor the effective development and operation of risk and opportunity management within the Council by receiving regular progress reports on the Council's key business risks and opportunities, take

appropriate action to ensure that they are being actively managed and will consider the adequacy of the Council's risk and opportunity management arrangements as part of the Annual Governance Statement.

3.3   The **Leadership Team** is primarily responsible for setting the organisation's risk appetite and identifying corporate strategic risks and opportunities, as well as being responsible for determining action on these risks and opportunities and delegating responsibility for the control of the risks and opportunities. The wider Group Managers ~~Team~~ will also be responsible for monitoring the progress of managing risks and opportunities and will review the reports to the PDGs, Audit Committee, Cabinet and Scrutiny Committee.

3.4   The **Cabinet** will also monitor the effective development and operation of risk and opportunity management within the Council by receiving regular progress reports on the Council's key business risks and opportunities through the performance and risk report.

3.5   The **Scrutiny Committee** will also receive regular progress reports on the risks and opportunities through the performance and risk report. Any concerns or issues will be reported to the Cabinet and/or Audit Committee.

3.6   The **Policy Development Groups (PDGs)** will receive updates on risks and opportunities relating to any policy development matters.

3.7   The ~~Finance Cabinet Member~~**Leader of the Council** will:

- ❑ Communicate the importance of risk and opportunity management to other Members
- ❑ Act as a sounding board and provide a critical friend challenge to the risk and opportunity management process

3.8   ~~Head of Service~~**Directors/Group Managers** will be responsible for:

- ❑ Leading the risk and opportunity management process within their services and ensuring that business plans include an annual assessment of key risks and opportunities
- ❑ Identifying and managing significant operational risks by carrying out risk assessments with their teams as and when this becomes appropriate i.e. if making a significant change to service or undertaking a project
- ❑ Developing actions to mitigate the risks identified, assigning responsibility for implementing controls and set realistic target dates for implementation
- ❑ Ensuring that all risks are on the corporate risk register (the Key Business Risks will be held on SPAR and other service risk assessments held on the corporate health and safety drive)
- ❑ Regularly reviewing risks associated with their service area(s) ensuring that the agreed actions and deadlines have been met
- ❑ Ensuring that any briefing papers/ reports that they produce to make changes to their services will consider the associated risks and opportunities of any proposed course of action

3.9 The **Group Manager for Performance, Governance and Data Security** is responsible for providing assurance to the Council through monitoring the implementation and effectiveness of this risk and opportunity management Policy and for reviewing compliance with mitigating controls introduced by the Service Managers. The Group Manager for Performance, Governance and Data Security will comment upon the effectiveness of the risk and opportunity management process in work undertaken to support the Annual Governance Statement.

Internal Audit will consider risk and controls in their audit reviews and report on the adequacy of risk management in that area.

3.10 The **Health and Safety Committee** is responsible for reviewing the measures taken to ensure the health and safety of all those who work in and visit the Council or may be affected by its activities - ensuring that people are not exposed to risks and that the risks are mitigated effectively. Where concerns are raised these will be escalated to the Health and Safety Officer and Leadership Team for action.

3.11 All **employees** need to have an awareness of risk and opportunity management and are responsible for ensuring that they manage risk effectively in their jobs and report hazards and risks to their Group/Service Manager.

4.0 STRATEGIC, OPERATIONAL AND PROJECT RISKS

4.1 Broadly speaking risks can be divided into three categories:

❑ **Strategic** – risks which need to be taken into account in judgements about the medium to long term goals and objectives of the Council whilst at the same time considering the opportunities; and

❑ **Operational** – risks and opportunities which managers will encounter in the daily course of their work.

❑ **Project** - risks and opportunities which will be encountered during specific tasks/projects being undertaken

4.2 **Strategic Risks**

4.2.1 The management of strategic risks and opportunities is a core responsibility of the Leadership Team. Strategic risk and opportunity assessments should be factored into corporate and service planning.

4.2.2 The major categories of strategic risk are:

❑ **Political** – associated with failure to deliver either local or central government policy. The Council could also potentially be at risk from the actions of other agencies, other Councils, partner organisations, etc.

❑ **Economic** – affecting the ability of the council to meet its financial commitments. These include internal budgetary pressures as well as external factors affecting the economy as a whole.

❏ **Social** – relating to the effects of changes in demographic, residential or socio-economic trends on the council's ability to deliver its objectives.

❏ **Technological** – associated with the capacity of the council to deal with the pace/scale of technological change, or its ability to use technology to address changing demands.

❏ **Data Protection/Information Security** – this includes the consequences of data/information transfer between the Council and other Bodies i.e. Government Connect, Partnership working, etc.

❏ **Legislative** – associated with current or potential changes in national or European Law.

❏ **Health and Safety** – This includes all aspects of Health & Safety as well as the Corporate Manslaughter legislation

❏ **Environmental** – relating to the environmental consequences of progressing the council's strategic objectives (e.g. in terms of climate change including energy efficiency, pollution, recycling, landfill requirements, emissions, etc).

❏ **Competitive** – affecting the competitiveness of the service (in terms of cost or quality) and/or its ability to deliver Value for Money.

❏ **Customer/Citizen** – associated with failure to meet the current and changing needs and expectations of customers and citizens.

❏ **Partnership** – associated with working in partnership or sharing services with another local authority or partner

4.3 Operational Risks

4.3.1 Risks which managers and staff will encounter in the daily course of their work. These may be:

❏ **Professional** – associated with the particular nature of each profession (e.g. housing service concerns as to the welfare of tenants).

❏ **Financial** – associated with financial planning and control and the adequacy of insurance cover.

❏ **Legal** – related to possible breaches of legislation.

❏ **Personal Safety** – related to lone working and the potential to encounter aggressive or confrontational people whilst carrying out their duties.

❏ **Physical** – related to fire, security, accident prevention and health and safety (e.g. hazards/risk associated with buildings, vehicles, plant and equipment, etc).

❏ **Contractual** – associated with the failure of contractors to deliver services or products to the agreed cost and specification.

❏ **Technological** – relating to reliance on operational equipment and the potential for technological failure (e.g. IT systems or equipment and machinery)

4.4   **Project Risks**

4.4.1   Risks which will be encountered during specific tasks/projects being undertaken. These may be:

❏   **People** – associated with whether we have the right people with the right skills involved in the task/project. This also concerns getting buy in from staff at all levels of the organisation, Members and potentially external stakeholders

❏   **Technical** – associated with the Council's reliance on the software provider to deliver what has been agreed in the contract and that they provide support for dealing with any system problems or issues

❏   **Cost** – associated with the potential for the project to go over budget if the people and technical matters are not delivered as per the Business Case and PID

❏   **Time** – ensure that the right amount of time is allocated to the project as well as sufficient contingency as slippage can cause to project delay/failure and this can also have an impact on cost and quality

❏   **Quality** – depending on what goes into the project will determine the quality of the output

4.5   **Opportunities**

4.5.1   Opportunities are to be considered at the same time as the risks. Examples may include:
❏   Spend to save projects where the Council will benefit from reduced expenditure or increased income in the future
❏   Transformational change which will generate cost savings or an income stream
❏   Opportunities for great partnership working with our stakeholders or other local authorities
❏   Opportunities to streamline working processes
❏   Opportunities to boost the local economy
❏   Opportunities to deliver and improve housing within the District
❏   Opportunities to protect and enhance our environment
❏   Opportunities to make a difference to our communities and to empower them
❏   Delivery of the objectives in the Corporate Plan and Service Business Plans

4.6   The categories are neither prescriptive nor exhaustive. However, they should provide a framework for identifying and categorising a broad range of risks and opportunities for the Council as a whole, as well as service areas.

Risk & Opportunity Management Policy 20~~19/20~~20/21

5.0   RISK MANAGEMENT PROCESS

5.1   The *four*-step process below will cover all areas of risk and opportunity management including making strategic decisions, managing strategic, operational and project risks and opportunities.

5.2   **Step 1 – Identify Risks and Opportunities**
All sources of risk and opportunity need to be identified. These should include strategic, operational and project risks.

5.3   **Step 2 – Analysing Risks and Opportunities**
Once the risks and opportunities have been identified they then need to be analysed to consider the impact/severity and likelihood or any risks occurring and the potential benefits of any opportunities.

There is a separate document for scoring guidance to ensure a consistent approach to scoring risks across the Council's services. Appendix 1

5.4   The assessment process uses a 5x5 scoring matrix (see below):

Impact/Severity				
5	10	15	20	25
4	8	12	16	20
3	6	9	12	15
2	4	6	8	10
1	2	3	4	5

Likelihood

Where the scores of impact x likelihood equals the total risk score. Risks scoring between 15 and 25 would be classed as high risk (red) with 25 being the highest risk. Risks scoring between 6 and 12 would be classed as medium risk (amber) and risks scoring between 1 and 4 would be low risk (green). Risks that score 10 or above will be classed as the Council's key business risks and will be reported to PDGs, the Audit Committee, Cabinet and Scrutiny Committee.

Risk & Opportunity Management Policy 20~~19/20~~20/21

High scoring risks will be reviewed by the risk owner at least every 3 months and all risks at least annually. If a risk profile changes at any other time the risk score and review notes on mitigating actions and their status should be updated.

The risks will then need to be considered in conjunction with any opportunities when making decisions.

Benefits of Opportunities

The assessment methods for determining the potential benefits of opportunities can include:

❑   Assessing the increased income/reduced expenditure from the innovation
❑   Quantifying the number of potential new customers
❑   Calculating the potential sales growth that could stem from capturing the opportunity
❑   Calculating the return on investment for a particular project and whether that is the level of return that the Council is looking for
❑   Considering the value added as a result of capitalising on the innovation e.g. the benefit to the community

5.5   **Step 3 – Control the Risks**
This involves taking action to minimise the likelihood of a risk occurring and/or reducing the severity of the consequences should the risk occur. Actions need to be allocated to responsible officers along with a realistic target date for implementation.

Determine the best course of action for the Council. There are 5 key action strategies to managing risk:

Policy	Action
Prevention	Terminate the risk*
Reduction	Treat the risk
Transference	Pass risk to a third party e.g. Insurance
Acceptance	Tolerate the risk
Contingency	Action plan implemented

* This can include carrying on the activity but modified so that the risk ends, or stopping the activity to end the risk.

5.6   **Step 4 – Monitor and Report Progress**
Progress in managing risks and opportunities should be monitored and reported so that losses are minimised and intended actions and opportunities are achieved. Risk and Opportunity Management is an on-going process that should be constantly revisited and reviewed to ensure that new and emerging risks and opportunities are picked up and acted upon.

5.7   It is important to recognise these four steps as part of a cycle. Risk and Opportunity Management is dynamic and so the identification phase needs to be done continuously. It is also important to consider whether the nature of the risk or opportunity has changed over time – thereby completing the cycle.

5.8 All risks scoring above 15 will be monitored by Leadership Team at their monthly Corporate Performance meetings. Leadership Team will expect to see effective mitigating ~~factors~~ actions in place to reduce the risk severity to acceptable levels as soon as possible.

5.9 Leadership Team and Members expect to see up to date and relevant review notes for the mitigating actions on all risks reported to Committee.

6.0 RISK AND OPPORTUNITY MANAGEMENT TRAINING AND AWARENESS

6.1 For the benefits of Risk and Opportunity Management to be realised, it is necessary for the process to be embedded in the culture and operations of the organisation.

6.2 The Group Manager for Performance, Governance and Data Security will regularly raise awareness of Risk and Opportunity Management through the Officer newsletter (the Link), the Member newsletter (WIS) and through briefing sessions.

This page is intentionally left blank

Risk Management on SPAR.net

This document is a guide to Risk Management on SPAR.net. It should be read in conjunction with the Council's Risk Management Strategy and Health and Safety policies, all available on SharePoint.

The Process

Service Managers should complete Risk Assessments for:

- Strategic and Service risks, annually (using their Business Plans) and as and when required (eg through Delegated Decision forms)
- Operational risks (including Health and Safety risks), annually and every time a change occurs in the office environment or job role (using the Risk Assessment template)
- Events (facilitated by the Council), in the planning stage and for the venue for each event
- Projects, in the planning stage using a project risk assessment form and for long-term projects, a review summary annually (in Business Plans).
- Partnerships, in the planning stage (using the Risk Assessment template) and a review summary annually (in Business Plans).

Upon completion of a Risk Assessment, Heads of Service are required to sign-off the form. At this stage, the Group Managers should score the risk by rating the severity and likelihood. A copy of this form should then be passed to the Council's Health and Safety Advisor for Health and Safety Risks or to Group Manager for Performance, Governance and Data Security for all others. This information will then be entered onto the Council's Risk Register on SPAR.net.

Risks will also be collected from information contained within Internal Audit reports and Committee reports.
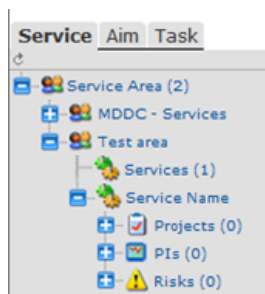
The Risk Register

Risks on SPAR.net can be located using the menu on the left. Select Service, then click on the cross next to your service name and you will see a sub menu for Projects, PIs and Risks. Select Risks to view the risks currently registered for your area.

Each risk will have a front page detailing information about the risk, based on the information given in the Risk Assessment.

Prefix:

The prefix identifies the type of risk.

The category identifies the associated impact. The categories follow the list detailed in the Risk Management Strategy.

A hazard is anything that may cause harm (to people or to the service/Council). The risk is the likelihood of that harm occurring, together with an indication of how serious that harm could be.

Risk management **is** about:
- Ensuring that workers and the public are properly protected
- Providing overall benefit to society by balancing benefits and risks, with a focus on reducing real risks – both those which arise more often and those with serious consequences
- Enabling innovation and learning not stifling them
- Ensuring that those who create risks manage them responsibly and understand that failure to manage real risks responsibly is likely to lead to robust action
- Enabling individuals to understand that as well as the right to protection, they also have to exercise responsibility

Risk management **is not** about:
- Creating a totally risk free society
- Generating useless paperwork mountains
- Scaring people by exaggerating or publicising trivial risks
- Stopping important recreational and learning activities for individuals where the risks are managed
- Reducing protection of people from risks that cause real harm and suffering

Who Might be Harmed and How
The Risk Assessment form asks to identify who might be harmed by each hazard. This does not mean listing everyone by name, but rather identifying groups of people (eg 'people working in the office').

In each case, identify how they might be harmed, ie what type of injury or ill health might occur. For example, 'shelf stackers may suffer back injury from repeated lifting of boxes'.

Remember:
- some workers have particular requirements, eg new and young workers, new or expectant mothers and people with disabilities may be at particular risk. Extra thought will be needed for some hazards;
- cleaners, visitors and volunteers, contractors, maintenance workers etc, who may not be in the workplace all the time;
- members of the public, if they could be hurt by your activities;
- if you share your workplace, you will need to think about how your work affects others present, as well as how their work affects your staff – talk to them; and
- ask your staff if they can think of anyone you may have missed.

We also have a duty to be aware of and report on instances affecting Child Protection and potential issues in relation to the Equality Act.

Scoring Risks

Risk Severity
The Risk Severity measures the impact. The following guide is neither prescriptive nor exhaustive but should provide a framework for the range of impacts a risk could have and how to score such impacts.

1 - Very Low
- Localised minor injury or health impact to one person (no time off work required)
- Small financial loss or service cost increase (less than £5,000)

2 - Low
- Localised minor injury or health impact to one person (small time off work required eg less than 1 week)
- Some loss of confidence and trust in the Council felt by a certain group or within a small geographical area
- Financial loss or service cost increase (eg over £5,000)
- Theft of Council property, assets, resources (less than £5,000

3 - Medium
- Minor injury or health impact to multiple persons (small time off work required eg less than 1 week)
- Injury or health impact to one person (substantial time off work required eg more than 1 week)
- Contract, resource, data or equipment failure resulting in short-term inability to maintain service
- Capacity of technology unable to meet changing demands of service needs
- Incorrect information being published / use of incorrect information in financial calculations, financial transactions are incorrectly processed resulting in incorrect payments
- Lax service delivery and/or inability to meet non-statutory service objectives / targets
- General loss of confidence and trust in the Council within the local community
- Substantial financial loss or service cost increase (eg over £50,000)

- Theft of Council property, assets, resources (eg over £5,000)

4 - High
- Serious injury or health impact to one person
- Loss of contract, resource, data or equipment resulting in long-term inability to maintain service or short-term inability to maintain several services
- Localised damage to Council property / premises
- Localised environmental impact
- Breaches of, or damning external audit report for failure to comply with, legislation / accepted standards eg CIPFA, Data Protection, TUPE, Equality Act
- Inability to meet Council objectives, customer requirements or financial commitments
- Inefficient use of resources, services offering poor value for money, officers at risk of false accusations of fraud, corruption or misappropriation
- Poor / incorrect political and managerial decision-making could take place
- Inability to account for all income received, expenditure made and other financial information
- Major loss of confidence and trust in the Council within the District
- Serious financial loss or service cost increase (eg over £250,000)
- Theft of Council property, assets, resources (eg over £50,000)

5 - Very High
- Serious injury or health impact to several or death of a person
- Loss of contract, resource, data or equipment resulting in long-term inability to maintain several services
- Serious damage / destruction of Council property / premises
- Prosecution for failing to comply with / serious breach in, or non-application of legislation / accepted standards
- Serious, District-wide environmental impact
- Failure to deliver either local or central Government policy, statutory timescales are not met
- Failure of internal control systems, leading to the possibility of fraud, corruption, loss, extravagance, waste or embarrassment to the Council
- Disastrous loss of confidence and trust in the Council both locally and nationally
- Serious financial loss or service cost increase (eg over £1,000,000)

Likelihood Ratings

The likelihood rating needs to be based on **existing** precautionary measures in place, at the time of the Risk Assessment. When measuring the likelihood, consider the level of internal controls or mitigating actions in place as well as frequency of contact with hazardous situation. For example:

1 - Very Low
- Substantive, effective, tested and verifiable internal controls / mitigating actions in place
- Previous experience at this and other similar organisations makes this outcome highly unlikely to occur

2 - Low
- Effective internal controls / mitigating actions in place
- Previous experience discounts this risk as being likely to occur but other organisations have experienced problems in this area

3 - Medium
- Some internal controls / mitigating actions in place, but in need of review / improvement
- Existing controls generally work but there have been occasions when they have failed and problems have arisen
- The Council has in the past experienced problems in this area but not in the last 12 months

4 - High
- Poor or ineffective internal controls / mitigating actions in place, or existing controls are generally ignored
- The Council has experienced problems in this area within the last 12 months

5 - Very High
- No internal controls / mitigating actions in place
- The Council is experiencing problems in this area or expects to within the next 12 months

Risk Information

Information about how the risk was scored is entered into the fields in the Risk Info tab:

Impact

Information about the impact the hazard could have and the rating this equates to (Very Low, Low, Medium ,High, Very High)

Likelihood

Information about the likelihood of the risk occuring and the rating this equates to (Very Low, Low, Medium, High, Very High)
Include details about any existing mitigating actions or internal controls in place

Mitigating Actions

There are four ways of managing identified risks:

Accept   Transfer   Reduce   Eliminate

The Risk Assessment form and SPAR give the opportunity to identify mitigating actions we can take to reduce or remove (eliminate) the likelihood of the risk, or its impact. The law requires us to do everything 'reasonably practicable' to protect people from harm.

Compare what we are already doing and existing controls in place with good practice and identify any potential for improvement. Consider:
- Can we get rid of the hazard altogether?
- If not, how can we control the risks so that harm is unlikely?

When controlling risks, apply the principles below, if possible in the following order:
- try a less risky option (eg switch to using a less hazardous chemical);
- prevent access to the hazard (eg by guarding);
- organise work to reduce exposure to the hazard (eg put barriers between pedestrians and traffic);
- issue personal protective equipment (eg clothing, footwear, goggles etc); and
- provide welfare facilities (eg first aid and washing facilities for removal of contamination).

It is important that Service Managers involve staff in Risk Assessments to check that suggested mitigating actions will work in practice and won't introduce any new hazards.

| Reviews | Risk Info | Mitigating Actions | Risk Child Projects | Risks | Links | Notes | Flags | Aims | Personnel |

Mitigating Action	Reason for Actions	Responsible Person	Completion Date	Current Mitigation Status	Current Effectiveness of Actions
Move cables	Move cables so they follow edge of office, or if not possible, use appropriate safety cover to keep them in place	Zoë Lentell	30/06/2012	No Data available	No Score (0)

Records 4 ▾   Page 1 of 1

Add

If the cost of reducing a risk or eliminating it completely is too high or impractical to the service, then you may accept the risk at its current level. Please make a note in the Risk Information section to that effect (and why) and show on the "Risk Improvement Potential" drop down box that the risk improvement is Low – unlikely.

Risk Assessment Reviews

Risk Assessments should be reviewed formally every year, high scoring risks every 3 months, , to make sure we are still improving, or at least not sliding back. Individual high scoring risks, as well as projects and partnerships, should be reviewed more frequently. The following should be considered when reviewing Risk Assessments: Have there been any changes? Are there improvements we still need to make? Have workers spotted a problem? Are there any lessons learnt from accidents or near misses?

During the year, if there is a significant change, risk assessments should be amended as necessary. If possible, it is best to think about the risk assessment when planning any change.

The Review tab will have annual review dates added, so that SPAR.net will email service managers a reminder about a month before the review is due to be completed:

| Reviews | Risk Info | Mitigating Actions | Risk Child Projects | Risks | Links | Notes | Flags | Aims | Personnel |

Title	Date	Risk Severity	Risk Likelihood	Risk Status
Initial Risk Review	26 Jun 2012	Medium	Medium	9

Records 4 ▼   Page 1 of 1

You should amend your risk scores using a Risk Review to show the progress from your initial risk status to your current risk status. Risk Reviews also give you the opportunity to assess the effectiveness of your mitigating actions.

SPAR.net Alerts

Once SPAR.net has been updated with the relevant information, an email alert will be sent to:
1) the Group Manager to "agree" the information through "sign-off"; and then to
2) the Risk Advisor for information – this will be Mick Lowe for Health and Safety risks and Group Manager for Performance, Governance and Data Security for corporate risks.

This page is intentionally left blank

devon **audit** partnership

Internal Audit
Update Note

Internal Audit Approach during Covid-19 pandemic

Mid Devon District Council

May 2020

Official

CUSTOMER SERVICE EXCELLENCE
CSE

Support, Assurance & Innovation

Devon Audit Partnership

Internal Audit Approach during the Covid 19

Update note for Mid Devon District Council Audit Committee Members

1   Introduction

1.1   In these extremely testing times we wanted to briefly update the Audit Committee members on how we (Devon Audit Partnership (DAP) – the providers of the Internal Audit function) - are looking to adjust our ways of working, to help deliver our work, in particular the 2020/21 Internal Audit plan, and how we aim to provide wider support to organisations as they respond to challenges brought by Covid-19.

2.   Helping our Partners and Clients respond to Covid-19

2.1   As a reminder, all DAP staff are Devon County Council (DCC) employees; Devon (like other Authorities) has sought volunteers to assist front line service delivery. We know DAP is not a "front line" service and therefore our staff could be well placed to assist with requests for help. We do not yet know what roles we may be asked to complete but I am sure that any support we can provide will be helpful.

2.2   The guidance from Phil Norrey (Chief Executive of Devon) has said:-
        "…other….. partner organisations may require staff to volunteer to support their work such as drivers and customer call handling, and we are currently bringing this information together".
        As a consequence, our staff who are based in locations around Devon (e.g. Plymouth, Torbay, Tiverton etc) may be best allocated to help those organisations.

2.4   Our Immediate Response: -

  • We have prepared a skills / availability matrix of all DAP staff for the purposes of deployment to other priority services for all our partners. Some staff have already been deployed;

  • We have been informed of, and have identified, a range of activities from across our client and partner organisations where workarounds to normal business practices are required in response to Covid-19; for example, procurement practices, payments for adult and children's social care and purchasing cards etc. It is our intention to be proactive in providing input, advice and assurance to services on any proposed changes;

  • Working with colleagues in other teams to support them as they respond to the challenges brought by Covid-19. For example, work with DCC Procurement regarding payments to contractors where services may be delayed / not provided and administering business grant relief payments.

2.5   Ongoing Support: -

  • Head of Partnership has taken on role as Head of Devon CC Food Cell;
  • Other DAP staff are supporting this through a wide range of issues including:
        o   establishing needs around food supplies for smaller Care Homes;
        o   liaising with supermarkets and other providers;
        o   assisting the "Shielded"; and
        o   working with voluntary sector organisations.

2.6   DAP staff have been deployed in different roles e.g. Supporting HR, Business Grants Processing, DCC Call centre – at time of writing **5 staff** have been subject to such deployment. Work undertaken to date, specific to Mid Devon has been limited so far:-

  • advice on business grant payments and related test checking and potential fraud. We are preparing some post payment audit assurance testing in line with BEIS guidelines as these develop. We are also preparing audit programmes for post event assurance testing of key risks that may apply to the Council.

  • we are available for advice and guidance on change procedures for emergency processes, risk management, counter fraud review and direct support to front line services where required.

Page 80

2.7 We remain alert to the Council's emergency procedures and associated control environment assurance needs; we are well placed to support and, ensure sound and effective arrangement are in place to deal with the current crisis.

2.8 We encourage officers to contact us when proposing changes to systems; if they have any concerns about what they are doing, are anxious about the risk of fraud or just want assurance that what they are planning is suitably robust. The DAP team are all working from home at this time, but have excellent IT comms, make good use of Skype, Teams etc. and are therefore readily contactable.

3 Internal Audit Response

3.1 We are very aware that we need to provide an annual assurance opinion at the end of 2020/21. We anticipate that there will be challenges in completing the 2020/21 audit plan in our traditional manner, and so have developed different practices to enable us to deliver our assurance. This will include confirmation of key controls, remote testing wherever possible of these controls (so as not to disturb / disrupt operational staff) and using data analytics generated from system data. This approach has been discussed (and agreed) with your S151 officer and the DAP Management Board.

3.2 In more detail we have reviewed our approach to the provision of Internal Audit and are developing this new Model to adapt to the COVID 19 restrictions on normal operations (see info graphics below): -

3.3 The focus of this model is on assurance mapping, underpinned by the well-known and recognised '3 lines of defence model' to build a more in-depth view of the risk and control framework in operation. Our plan is to build this map and model from our existing knowledge base and access levels supported by a much-reduced contact with client staff. This work will be our focus in early part of the year covering key financial systems and other areas within the audit plan that can support this engagement. This will not result in the usual and frequent issue of audit reports but produce a wider risk and control framework image.

3.4 This model can then be supported by less intrusive testing through data analytics, which we will also need to develop to support this model. As services return to normal operation during the year, we will take this assurance framework through to more specific audit reviews and more familiar reporting arrangements to provide assurance in line with the audit plan.

3.5 This info graphic also includes improvement and development opportunities for our service delivery which we will work on to further enhance service efficiency and effectiveness.

3.6 *Completion of 2019/20 work.*

- 2019/20 Internal Audit Plans – are near full completion for the year. Staff have completed 2019/20 audit work without putting undue pressure on service areas. Finalisation of Draft Reports is delayed whilst our partners focus is turned firmly to business critical services.

- We anticipate having covered more than 90% of the audit programme once we have formally collated the figures and that is what we shall base our annual assurance opinion on.

- All staff are remote working and to date this does seem to be working effectively; this brings with it some new challenges and engagement at delivery level. This is being managed and achieved sensitively.

3.7 *Undertaking the agreed plans for 2020/21*

- 2020/21 Internal Audit Plans – Work will be undertaken as outlined above. "Traditional" audit work is unlikely to be effective during this time and we recognise that tying up key staff is unlikely to be welcomed. Our approach is to firstly identify areas within the audit plan where we have remote access to information and are likely to need minimal officer input. This approach will allow us to start 2020/21 work with minimal client disruption. We will continue to liaise closely with management to ensure that we deliver the audit assignments detailed within the audit plan as efficiently as possible.

- We expect the audit plan to require flexible amendment to accommodate additional testing of exceptional / emergency payments and processes e.g. business grant relief and will work with management in the first place to agree how this will be incorporated or added to the audit plan.

3.8 *External Audit*

3.8.1 It should be noted that our External Audit colleagues look to the work of Internal Audit when determining their work and the resources for that work. If the Internal Audit plan was adversely affected by Covid-19, and the 2020/21 Internal Audit opinion caveated due to lack of coverage, then External Audit may need to reconsider their plan, their resources and, ultimately, the cost of their services to the Council. Therefore, it is important that we stay on track to deliver our plan; despite the challenges outlined above we remain confident that we can complete our work and provide the level of assurance the Audit Committee requires and help External Audit in completing their tasks.

4   Counter Fraud.

- Counter-fraud staff continue to work on referrals until such time as they are deployed into other roles.
- Advice, guidance and consultancy continues.
- Progressing investigations as far as possible in the absence of face to face interviews and court proceedings taking place.

4.1 The Department for Business, Energy & Industrial Strategy (BEIS) have put in place a process by which we can flag to you potentially fraudulent behaviour that is brought to their attention. They require a nominated individual from within the Local Authority that can be a point of contact on potential fraud. Ken Johnson, DAP Counter Fraud Team Manager has been nominated as champion at Plymouth and an offer has been made to other partners for same.

5   DAP Development

5.1 DAP continues to:-
- Review and develop its approach (see model above).
- Contributing to a national horizon scanning exercise to understanding what Internal Audit can do further (from a professional practice viewpoint) to support the organisation at this time (both for the organisations short and, long term plans).
- Help staff adjust to new ways of working, including MS Teams becoming the lynchpin of getting things done.

5.2 We have identified a range of service development activities that staff will work on without impacting our clients – a particular example of this is the use of data analytics to help provide some oversight of large data sets / transactions at a time where the control environment may be reduced;

5.3 Staff have been asked to complete Personal Development Objectives and any required records for CPD for their professional institutes and ensure that they are up to date with the Host Authority's E-Learning requirements.

5.4 Reviewing the suite of training material that we deliver to the Audit Committees and staff at partner organisations.

6   Impact on the Council and DAP

6.1 *19/20 Audit Opinion*

6.1.1   DAP will prepare the Annual Internal Audit report based on the work completed. We envisage that the work undertaken will enable the reports to be produced reasonably effectively but, may need to make reference where work has been shortened.

6.2   *Delivering in 20/21*

6.2.1   As outlined above we will undertake 2020/21 Internal Audit work as best we can with the expectation that we will be able to provide an annual audit opinion, albeit with an expected reduction in direct client contact and under our alternate model.

6.2.2   Audit plans for our partners may suffer from some reduction. We would normally expect to complete one quarter of our plan by end of June, but completion in this first quarter may well be impacted (for example by staff deployment to Covid-19, some audit work being deferred etc). Whilst we would, ideally, like to make up lost time in the rest of the year this may not be achievable, though we still aim and expect to provide a balanced audit opinion. We recommend that the Internal Audit plan for 2020/21 be reviewed at the end of Q1.

6.3   *Budget issues*

6.3.1   DAP management and the Board recognise that Covid-19 presents financial challenges to the Partnership in respect of the level of external work expected to be achieved. We shall closely monitor the situation and take effective (proactive and reactive) action to minimise any negative financial impact.

7   Conclusion

7.1   Covid-19 presents significant challenges to organisations; DAP is adapting to the ever changing and developing situation to ensure that Internal Audit assurance continues to be provided and assists in meeting the Covid-19 challenge as effectively and efficiently as possible.

7.2   We are advising and supporting wherever possible but have recognised that we will need to deliver our work in different ways.

7.3   We have made the whole team (from Head of Partnership to apprentice) available to support our partners and we will manage the impact of this.

7.4   We are managing our resources to ensure that the financial impact of Covid-19 on DAP is controlled and minimised.

Robert Hutchins
Head of Devon Audit Partnership
May 2020

This page is intentionally left blank

AUDIT COMMITTEE
2 JUNE 2020

INTERNAL AUDIT CHARTER & STRATEGY 2020-21

Cabinet Member   Councillor B Deed
Responsible Officer Audit Team Manager, David Curnow

Reason for Report: To present the Committee with the Internal Audit Charter and Strategy for effective operation of the internal audit service.

RECOMMENDATIONS:

    a) The Committee approves the Internal Audit Charter (Appendix 1).

    b) The Committee approves the Internal Audit Strategy (Appendix 2).

Relationship to Corporate Plan: Effective Internal Audit is a fundamental element of being an economic, efficient and effective council and can assist with reducing costs and doing things differently and better.

Financial Implications: Inadequate Internal Audit delivery and coverage would mean that the Internal Audit Manager cannot form an reliable opinion as to the effectiveness of MDDC's internal control environment.

Legal Implications: None arising from this report.

Risk Assessment: Potential failure to comply with the Public Sector Internal Audit Standards (PSIAS). This could result in comment from the external auditors when they complete their annual review of the Council's arrangements.

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

1.   One of the requirements of the Public Sector Internal Audit Standards (PSIAS) is that the purpose, authority and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Definition of Internal Auditing, the Code of Ethics and the Standards. The internal audit charter for this financial year is set out in detail in the report attached.

2.   The PSIAS sets additional Public Sector requirements where the internal audit charter must also:

    • define the terms 'board' and 'senior management' for the purposes of internal audit activity;

    • cover the arrangements for appropriate resourcing;

    • define the role of internal audit in any fraud-related work; and

    • include arrangements for avoiding conflicts of interest if internal audit undertakes non-audit activities.

3.   This Charter complies with the mandatory requirements of the Public Sector Internal Audit Standards. ***No material changes have been made to the Charter or Strategy for the coming year.***

4.   Delivery of the Internal Audit Service will be by the Devon Audit Partnership, a shared services arrangement between Devon, Plymouth, Torbay Torridge & Mid Devon Councils in accordance with the agreed internal audit plan.

Contact for more Information: David Curnow, Audit Team Manager
Circulation of the Report: Cabinet Member and Management Team

This page is intentionally left blank

MID DEVON DISTRICT COUNCIL

INTERNAL AUDIT CHARTER (March 2020)

MISSION

The Mission of Devon Audit Partnership is to enhance and protect organisational value by providing risk based and objective assurance, advice and insight across its partners.

TERMS OF REFERENCE

This Charter formally describes the purpose, authority, and principal responsibilities of the Council's Internal Audit Service, which is provided by the Devon Audit Partnership (DAP), and the scope of Internal Audit work. This Charter complies with the mandatory requirements of the Public Sector Internal Audit Standards.

DEFINITIONS

Internal auditing is defined by the Public Sector Internal Audit Standards (PSIAS) as "an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes".

The PSIAS set out the requirements of a 'Board' and of 'Senior Management'. For the purposes of the internal audit activity within The Council the role of the Board within the Standards is taken by the Council's Audit Committee and Senior Management is the Council's Leadership Team.

The PSIAS make reference to the role of "Chief Audit Executive". For The Council this role is fulfilled by the Head of Devon Audit Partnership (HoDAP).

STATUTORY REQUIREMENTS

Internal Audit is a statutory service in the context of The Accounts and Audit (England) Regulations 2015, which state:

> *5.—(1) A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.*

In addition, the Local Government Act 1972, Section 151, requires every local authority to designate an officer to be responsible for the proper administration of its financial affairs. In The Council, the Deputy Chief Executive is the 'Section 151 Officer'. One of the ways in which this duty is discharged is by maintaining an adequate and effective internal audit service.

THE PURPOSE AND AIM OF INTERNAL AUDIT

The role of Internal Audit is to understand the key risks of the Council; to examine and evaluate the adequacy and effectiveness of the system of risk management and the entire control environment as operated throughout the organisation and contribute to the proper, economic, efficient and effective use of resources. In addition, the other objectives of the function are to:

- support the Section 151 Officer to discharge his / her statutory duties
- contribute to and support the Finance function in ensuring the provision of, and promoting the need for, sound financial systems
- support the corporate efficiency and resource management processes by conducting value for money and efficiency studies and supporting the work of corporate working groups as appropriate
- provide a quality fraud investigation service which safeguards public monies.

The existence of Internal Audit does not diminish the responsibility of management to establish systems of internal control to ensure that activities are conducted in a secure, efficient and well-ordered manner.

Internal Audit for The Council is provided by Devon Audit Partnership (DAP). We aim to provide a high quality, professional, effective and efficient Internal Audit Service to the Members, service areas and units of The Council, adding value whenever possible.

PROFESSIONALISM, ETHICS AND INDEPENDENCE

Being Professional

We (Devon Audit Partnership) will adhere to the relevant codes and guidance. In particular, we adhere to the Institute of Internal Auditors' (IIA's) mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the Public Sector Internal Audit Standards. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing within the public sector and for evaluating the effectiveness of Internal Audit's performance. The IIA's Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, Internal Audit will adhere to The Council's relevant policies and procedures and the internal audit manual.

Internal Auditors must apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not, however, imply infallibility.

Our Ethics

Internal auditors in UK public sector organisations must conform to the Code of Ethics as set out by The Institute of Internal Auditor's. This Code of Ethics promotes an ethical culture in the profession of internal auditing. If individual internal auditors have membership of another professional body then he or she must also comply with the relevant requirements of that organisation.

The Code of Ethics extends beyond the definition of internal auditing to include two essential components:

1. Principles that are relevant to the profession and practice of internal auditing;
2. Rules of Conduct that describe behaviour norms expected of internal auditors.

The Code of Ethics provides guidance to internal auditors serving others, and applies to both individuals and entities that provide internal auditing services.

The Code of Ethics promotes an ethical, professional culture. It does not supersede or replace Codes of Ethics of employing organisations. Internal auditors must also have regard to the Committee on Standards of Public Life's Seven Principles of Public Life.

Being Independent

Internal Audit should be independent of the activities that it audits.

The status of Internal Audit should enable it to function effectively. The support of the Council is essential and recognition of the independence of Internal Audit is fundamental to its effectiveness.

The Head of Devon Audit Partnership should have direct access to and freedom to report in his or her own name and without fear or favour to, all officers and members and particularly to those charged with governance (the Audit Committee). In the event of the necessity arising, the facility also exists for Internal Audit to have direct access to the Chief Executive, the S.151 Officer and the Chair of the Audit Committee.

The Council should make arrangements for Internal Audit to have adequate budgetary resources to maintain organisational independence.

The Head of Devon Audit Partnership should have sufficient status to facilitate the effective discussion of audit strategies, audit plans, audit reports and action plans with senior management and members of the Council.

Auditors should be mindful of being independent. They;

- Must have an objective attitude of mind and be in a sufficiently independent position to be able to exercise judgment, express opinions and present recommendations with impartiality;
- Notwithstanding employment by the Partnership / Council, must be free from any conflict of interest arising from any professional or personal relationships or from any pecuniary or other interests in an activity or organisation which is subject to audit;
- Must be free from undue influences which either restrict or modify the scope or conduct of their work or significantly affect judgment as to the content of the internal audit report; and
- Must not allow their objectivity to be impaired by auditing an activity for which they have or have had responsibility.

AUTHORITY

Internal Audit, with strict accountability for confidentiality and safeguarding records and information, is authorised full, free, and unrestricted access to any and all of the organisation's records, physical properties, and personnel pertinent to carrying out any engagement.

All employees are requested to assist Internal Audit in fulfilling its roles and responsibilities. This is enforced in the Accounts and Audit (England) Regulations 2015 section 5(2-3) that state that:

Any officer or member of a relevant authority must, if required to do so for the purposes of

the internal audit—
  (2)   (a) make available such documents and records; and
         (b) supply such information and explanations; as are considered necessary by those conducting the internal audit.
  (3)   in this regulation "documents and records" includes information recorded in an electronic form.

In addition, Internal Audit, through the HoDAP, where deemed necessary, will have unrestricted access to:

- the Chief Executive
- Members
- individual Directors
- Section 151 Officer
- Monitoring Officer
- all authority employees
- all authority premises.

ACCOUNTABILITY

Devon Audit Partnership is a shared service established and managed via a Partnership Committee and Board with representation from each of the founding partners. The Partnership operates as a separate entity from the client authorities and Internal Audit is therefore independent of the activities which it audits. This ensures unbiased judgements essential to proper conduct and the provision of impartial advice to management. Devon Audit Partnership operates within a framework that allows the following:

- unrestricted access to senior management and members
- reporting in its own name
- separation from line operations

Every effort will be made to preserve objectivity by ensuring that all audit members of audit staff are free from any conflicts of interest and do not, ordinarily, undertake any non-audit duties.

The Head of Devon Audit Partnership fulfils the role of Chief Audit Executive at the Authority and will confirm to the Audit Committee, at least annually, the organisational independence of the internal audit activity.

The Deputy Chief Executive 'Section 151 Officer' will liaise with the Head of Devon Audit Partnership and is therefore responsible for monitoring performance and ensuring independence.

Internal Auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal Auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

The Head of Devon Audit Partnership reports functionally to the Audit Committee on items such as:
- approving the internal audit charter;
- approving the risk based internal audit plan and resources;
- receiving reports from the Head of Devon Audit Partnership on the section's performance against the plan and other matters;
- approving the Head of Devon Audit Partnership's annual report'
- approve the review of the effectiveness of the system of internal audit.

The HoDAP has direct access to the Chair of Audit Committee and has the opportunity to meet with the Audit Committee in private.

RESPONSIBILITIES

The Chief Executive, Directors and other senior officers are responsible for ensuring that internal control arrangements are sufficient to address the risks facing their services.

The Head of Devon Audit Partnership will provide assurance to the Deputy Chief Executive 'Section 151 Officer' regarding the adequacy and effectiveness of the Council's financial framework, helping meet obligations under the LGA 1972 Section 151.

The HoDAP will provide assurance to the Monitoring Officer in relation to the adequacy and effectiveness of the systems of governance within the Council helping him/her meet his/her obligations under the Local Government and Housing Act 1989 and the Council's Constitution. The HoDAP will also work with the Monitoring Officer to ensure the effective implementation of the Council's Whistleblowing Policy.

Internal Audit responsibilities include but are not limited to:

- examining and evaluating the soundness, adequacy and application of the Council's systems of internal control, risk management and corporate governance arrangements;
- reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information;
- reviewing the systems established to ensure compliance with those policies, plans, procedures and regulations which could have a significant impact on operations;
- reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets;
- investigating alleged fraud and other irregularities referred to the service by management, or concerns of fraud or other irregularities arising from audits, where it is considered that an independent investigation cannot be carried out by management;
- appraising the economy, efficiency and effectiveness with which resources are employed and the quality of performance in carrying out assigned duties including Value for Money Studies;
- working in partnership with other bodies to secure robust internal controls that protect the Council's interests;
- advising on internal control implications of new systems;
- providing consulting and advisory services related to governance, risk management and control as appropriate for the organisation;
- being responsible for reporting significant risk exposures and control issues identified to the Audit Committee and to senior management, including fraud risks, governance issues.

INTERNAL AUDIT MANAGEMENT

The PSIAS describe the requirement for the management of the internal audit function. This sets out various criteria that the HoDAP (as Chief Audit Executive) must meet, and includes:-:

- be appropriately qualified;
- determine the priorities of, deliver and manage the Council's internal audit service through a risk based annual audit plan;
- regularly liaise with the Council's external auditors to ensure that scarce audit resources are used effectively;
- include in the plan the approach to using other sources of assurance if appropriate;
- be accountable, report and build a relationship with the Council's Audit Committee and S.151 Officer; and
- monitor and report upon the effectiveness of the service delivered and compliance with professional and ethical standards.

These criteria are brought together in an Audit Strategy which explains how the service will be delivered and reflect the resources and skills required.

The Head of Devon Audit Partnership is required to give an annual audit opinion on the governance, risk and control framework based on the audit work done.

The HoDAP should also have the opportunity for free and unfettered access to the Chief Executive and meet periodically with the Monitoring Officer and S.151 Officer to discuss issues that may impact on the Council's governance, risk and control framework and agree any action required.

INTERNAL AUDIT PLAN AND RESOURCES

At least annually, the Head of Devon Audit Partnership will submit to the Audit Committee a risk-based internal audit plan for review and approval. The HoDAP will:

- develop, in consultation with Directors, an annual audit plan based on an understanding of the significant risks to which the organisation is exposed;
- submit the plan to the Audit Committee for review and agreement;
- implement the agreed audit plan;
- maintain a professional audit staff with sufficient knowledge, skills and experience to carry out the plan and carry out continuous review of the development and training needs;
- maintain a programme of quality assurance and a culture of continuous improvement;

The internal audit plan will include timings as well as budget and resource requirements for the next fiscal year. The Head of Internal Audit will communicate the impact of resource limitations and significant interim changes to senior management and the Audit Committee.

Internal Audit resources must be appropriately targeted by assessing the risk, materiality and dependency of the Council's systems and processes. Any significant deviation from the approved Internal Audit plan will be communicated through the periodic activity reporting process.

It is a requirement of the Council's Anti-Fraud and Corruption Strategy that the Head of Devon Audit Partnership be notified of all suspected or detected fraud, corruption or impropriety. All reported irregularities will be investigated in line with established strategies and policies. The audit plan will also include sufficient resource to carry out proactive anti-fraud work.

Internal Audit activities will be conducted in accordance with Council strategic objectives and established policies and procedures.

Monitoring of Internal Audit's processes is carried out on a continuous basis by Internal Audit management, and the Council's members and management may rely on the professional expertise of the Head of the Devon Audit Partnership to provide assurance. From time to time, independent review is carried out: for example, through peer reviews; ensuring compliance with the PSIAS is an essential approach to such a review.

REPORTING

The primary purpose of Internal Audit reporting is to communicate to management within the organisation information that provides an independent and objective opinion on governance, the control environment and risk exposure and to prompt management to implement agreed actions.

Internal Audit should have direct access and freedom to report in their own name and without fear or favour to, all officers and members, particularly to those charged with governance (the Audit Committee).

A written report will be prepared for every internal audit project and issued to the appropriate manager accountable for the activities under review. Reports will include an 'opinion' on the risk and adequacy of controls in the area that has been audited, which, together, will form the basis of the annual audit opinion on the overall control environment.

The aim of every Internal Audit report should be:

- to give an opinion on the risk and controls of the area under review, building up to the annual opinion on the control environment; and
- to recommend and agree actions for change leading to improvement in governance, risk management, the control environment and performance.

The Manager will be asked to respond to the report in writing, within 30 days, although this period can be extended by agreement. The written response must show what actions have been taken or are planned in relation to each risk or control weakness identified. If action is not to be taken this must also be stated. The Head of Devon Audit Partnership is responsible for assessing whether the manager's response is adequate.

Where deemed necessary, the Internal Audit report will be subject to a follow-up, normally within six months of its issue, in order to ascertain whether the action stated by management in their response to the report has been implemented.

The Head of the Devon Audit Partnership will

- submit periodic reports to the Audit Committee summarising key findings of reviews and the results of follow-ups undertaken;
- submit on an annual basis an Annual Internal Audit Report to the Audit Committee, incorporating an opinion on the Council's control environment, which will also inform the Annual Governance Statement.

RELATIONSHIP WITH THE AUDIT COMMITTEE

The Council's Audit Committee will act as the Board as defined in the Public Sector Internal Audit Standards (PSIAS),

The Specific Functions of the Audit Committee are set out in the Council's Constitution (Part 2 Article 9 – Audit Committee).

The Head of Devon Audit Partnership will assist the Committee in being effective and in meeting its obligations. To facilitate this, the HoDAP will:

- attend meetings, and contribute to the agenda;
- ensure that it receives, and understands, documents that describe how Internal Audit will fulfil its objectives (e.g. the Audit Strategy, annual work programmes, progress reports);
- report the outcomes of internal audit work, in sufficient detail to allow the committee to understand what assurance it can take from that work and/or what unresolved risks or issues it needs to address;
- establish if anything arising from the work of the committee requires consideration of changes to the audit plan, and vice versa;
- present an annual report on the effectiveness of the system of internal audit; and
- present an annual internal audit report including an overall opinion on the governance, risk and control framework

QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

The PSIAS states that a quality assurance and improvement programme must be developed; the programme should be informed by both internal and external assessments.

An external assessment must be conducted at least once in five years by a suitably qualified, independent assessor.

In December 2016 Terry Barnett, Head of Assurance for Hertfordshire Shared Internal Audit Service who completed an external validation of the Partnership. Terry concluded that;

> "It is our overall opinion that the Devon Audit Partnership **generally conforms*** to the Public Sector Internal Audit Standards, including the Definition of Internal Auditing, the Code of Ethics and the Standards.

* Generally Conforms – This is the top rating and means that the internal audit service has a charter, policies and processes that are judged to be in conformance to the Standards

CHARTER – NON CONFORMANCE AND REVIEW

Any instances of non conformance with the Internal Audit Definition, Code of Conduct or the Standards must be reported to the Audit Committee, and in significant cases consideration given to inclusion in the Annual Governance Statement.

The Head of Devon Audit Partnership will advise the Audit Committee on behalf of the Council on the content of the Charter and the need for any subsequent amendment. The Charter should be approved and regularly reviewed by the Audit Committee.

Devon Audit Partnership

March 2020

Auditing for achievement

MID DEVON DISTRICT COUNCIL

INTERNAL AUDIT STRATEGY (March 2020)

1   INTRODUCTION

Internal Audit is a statutory service in the context of The Accounts and Audit (England) Regulations 2015, which state:

5.—(1) A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards (PSIAS) or guidance.

In addition, the Local Government Act 1972, Section 151, requires every local authority to designate an officer to be responsible for the proper administration of its financial affairs. In The Council, the Director of Finance is the 'Section 151 Officer'. One of the ways in which this duty is discharged is by maintaining an adequate and effective internal audit service.

The PSIAS refers to the role of Chief Audit Executive, and requires this officer to ensure and deliver a number of key elements to support the internal audit arrangements. For The Council, the role of Chief Audit Executive is provided by the Head of Devon Audit Partnership (HoDAP).

The PSIAS require the HoDAP to produce an Audit Charter setting out audits purpose, authority and responsibility. We deliver this through our Audit Strategy which:

- is a high-level statement of how the internal audit service will be delivered and developed in accordance with the Charter and how it links to the organisational objectives and priorities;
- will communicate the contribution that Internal Audit makes to the organisation and should include:

  - internal audit objectives and outcomes;
  - how the HoDAP will form and evidence his opinion on the governance, risk and control framework to support the Annual Governance Statement;
  - how Internal Audit's work will identify and address significant local and national issues and risks;
  - how the service will be provided, and
  - the resources and skills required to deliver the Strategy.

- should be approved, but not directed, by the Audit Committee.

The Strategy should be kept up to date with the organisation and its changing priorities.

1

2   INTERNAL AUDIT OBJECTIVES AND OUTCOMES

The primary objective of Internal Audit is to provide an independent and objective opinion to the Council on the governance, risk and control framework by evaluating its effectiveness in achieving the organisation's objectives through examining, evaluating and reporting on their adequacy as a contribution to the proper, economic, efficient use of resources.

To achieve this primary objective, the HoDAP aims to fulfil the statutory responsibilities for Internal Audit by:

- identifying all of the systems, both financial and non-financial, that form the Council's control environment and governance framework, and contribute to it meeting its obligations and objectives – the 'Audit Universe';
- creating an audit plan providing audit coverage on the higher risk areas in the Audit Universe;
- undertaking individual audit reviews, to the standards set by the PSIAS, to independently evaluate the effectiveness of internal control;
- providing managers with an opinion on, and recommendations to improve, the effectiveness of risk management, control and governance processes;
- providing managers with advice and consultancy on risk management, control and governance processes;
- liaising with the Council's external auditors to ensure efficient use of scarce audit resources through the avoidance of duplication wherever possible; and
- providing the Council, through the Audit Committee, with an opinion on governance, risk and control framework as a contribution to the Annual Governance Statement.

3   OPINION ON THE GOVERNANCE, RISK AND CONTROL FRAMEWORK

As stated above, one of the key objectives of Internal Audit is to communicate to management an independent and objective opinion on the governance, risk and control framework, and to prompt management to implement agreed actions.

Significant issues and risks are to be brought to the attention of the S.151 Officer as and when they arise. Regular formal meetings should also be held to discuss issues arising and other matters.

The HoDAP will report progress against the annual audit plan and any emerging issues and risks to the Audit Committee.

The HoDAP will also provide a written annual report to the Audit Committee, timed to support their recommendation to approve the Annual Governance Statement, to the Council.

The Head of Devon Audit Partnership's annual report to the Audit Committee will:

(a)   include an opinion on the overall adequacy and effectiveness of the Council's governance, risk and control framework;
(b)   disclose any qualifications to that opinion, together with the reasons for the qualification;
(c)   present a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance streams;
(d)   draw attention to any issues the HoDAP judges particularly relevant to the preparation of the Annual Governance Statement;
(e)   compare the audit work actually undertaken with the work that was planned and summarise the performance of the internal audit function against its performance measures and targets; and
(f)   comment on compliance with the Public Sector Internal Audit Standards and communicate the results of the internal audit quality assurance programme.

2

4   PLANNING, INCLUDING LOCAL AND NATIONAL ISSUES AND RISKS

The audit planning process includes the creation of and ongoing revision of an "audit universe". This seeks to identify all risks, systems and processes that may be subject to an internal audit review.

The audit universe will include a risk assessment scoring methodology that takes account of a number of factors including: the Council's own risk score; value of financial transactions; level of change, impact on the public; political sensitivity; when last audited; and the impact of an audit. This will inform the basis of the resources allocated to each planned audit area.

The results from the audit universe will be used in creating an annual audit plan; such a plan will take account of emerging risks at both local and national level.

Assignment planning

Further planning and risk assessment is required at the commencement of each individual audit assignment to establish the scope of the audit and the level of testing required.

5   PROVISION OF INTERNAL AUDIT

The Internal Audit for The Council is provided by Devon Audit Partnership

The Head of Devon Audit Partnership has established policies and procedures in an Audit Manual to guide staff in performing their duties and complying with the latest available PSIAS guidance. The manual is reviewed and updated to reflect changes in working practices and standards.

Internal Audit Performance Management and Quality Assurance

The PSIAS state that the HoDAP should have in place an internal performance management and quality assurance framework; this framework must include:

•   a comprehensive set of *targets to measure performance*. These should be regularly monitored and the progress against these targets reported appropriately;
•   seeking *user feedback* for each individual audit and periodically for the whole service;
•   a periodic review of the service against the Strategy and the achievement of its aims and objectives. The results of this should inform the future Strategy and be reported to the Audit Committee;
•   internal quality reviews to be undertaken periodically to ensure compliance with the PSIAS and the Audit Manual (self-assessment); and
•   an action plan to implement improvements.

Performance Measures and targets

The Head of Devon Audit Partnership will closely monitor the performance of the team to ensure agreed targets are achieved. A series of performance indicators have been developed for this purpose (please see over).

Internal Audit Performance Monitoring Targets.

3

Performance Indicator	Full year target
Percentage of Audit Plan completed	90%
Customer Satisfaction - % satisfied or very satisfied as per feedback forms	90%
Draft reports produced with target number of days (currently 15 days)	90%
Final reports produced within target number of days (currently 10 days)	90%

There are a number of other indicators that are measured as part of the audit process that will be captured and reported to senior management.

Task	Performance measure
Agreement of Annual audit plan	Agreed by Chief Executive, Leadership Team and Audit Committee prior to start of financial year
Agreement of assignment brief	Assignment briefs are agreed with and provided to auditee at least two weeks before planned commencement date.
Undertake audit fieldwork	Fieldwork commenced at agreed time
Verbal debrief	Confirm this took place as expected; was a useful summary of the key issues; reflects the findings in the draft report.
Draft report	Promptly issued within 15 days of finishing our fieldwork. Report is "accurate" and recommendations are both workable and useful.
Draft report meeting (if required)	Such a meeting was useful in understanding the audit issues
Annual internal audit report	Prepared promptly and ready for senior management consideration by end of May. Report accurately reflects the key issues identified during the year.
Presentation of internal audit report to Management and Audit Committee.	Presentation was clear and concise. Presented was knowledgeable in subject are and able to answer questions posed by management / members.
Contact with the audit team outside of assignment work.	You were successfully able to contact the person you needed, or our staff directed you correctly to the appropriate person. Emails, letters, telephone calls are dealt with promptly and effectively.

Once collated the indicators will be reported to the S.151 Officer on a regular basis, and will be summarised in an annual report. Performance indicator information will also be presented to the Audit Committee for information and consideration.

The Head of Devon Audit Partnership is expected to ensure that the performance and the effectiveness of the service improves over time, in terms of both the achievement of targets and the quality of the service provided to the user.

4

Customer (user) feedback

The PSIAS and the Internal Audit Manual state that internal audit performance, quality and effectiveness should be assessed at two levels:

- for each individual audit; and
- for the Internal Audit Service as a whole.

Customer feedback is also used to define and refine the audit approach. Devon Audit Partnership will seek feedback from:-
- auditees;
- senior leadership; and
- executive management.

The results from our feedback will be reported to Senior Management and the Audit Committee in the half year and annual reports.

Internal quality reviews

Devon Audit Partnership management have completed a self-assessment checklist against the PSIAS and have identified that there are no omissions in our practices. We consider that we fully meet over 95% of the elements; partially meet 3% (6); and are not required to or do not meet 2% (5) of the elements. The self-assessment will be updated annually, and, if management identify areas where we could further strengthen our approaches, these will be added to the Quality Action Improvement Plan.

In December 2016 Devon Audit Partnership welcomed Terry Barnett, Head of Assurance for Hertfordshire Shared Internal Audit Service and his colleague Chris Wood, Audit Manager, who completed an external validation of the Partnership.

Terry and Chris concluded that;

"It is our overall opinion that the Devon Audit Partnership **generally conforms*** to the Public Sector Internal Audit Standards, including the Definition of Internal Auditing, the Code of Ethics and the Standards."

* Generally Conforms – This is the top rating and means that the internal audit service has a charter, policies and processes that are judged to be in conformance to the Standards

5

6   RESOURCES AND SKILLS

Resources

The PSIAS and the Audit Manual states that:

- Internal Audit must be appropriately staffed in terms of numbers, grades, qualifications and experience, having regard to its responsibilities and objectives, or have access to the appropriate resources;
- The Internal Audit service shall be managed by an appropriately qualified professional with wide experience of internal audit and of its management; and
- The Chief Audit Executive (Head of Devon Audit Partnership) should be of the calibre reflecting the responsibilities arising from the need to liaise with members, senior management and other professionals, and be suitably experienced.

Devon Audit Partnership currently has c.40 staff who operate from any one of our three main locations (Plymouth, Torquay and Exeter), we also operate from offices at Torridge DC (Bideford), Mid Devon DC (Tiverton) and South Hams/West Devon Councils (Totnes). The Partnership employs a number of specialists in areas such as Computer Audit, Contracts Audit and Counter Fraud Investigators as well as a mix of experienced, professionally qualified and non-qualified staff.

The Partnership draws on a range of skilled staff to meet the audit needs. Our current staff includes: -

- 3 x CCAB qualified
- 6 x qualified IIA
- 2 x qualified computer audit (QICA & CISA)
- 1 x risk management (IRM)
- 10 x AAT qualified
- 7 x ACFS (accredited counter fraud specialists)
- 4 x ILM (Institute of Leadership & Management) level 5 or above

Devon Audit Partnership uses Pentana MK as an audit management system. This system allows Partnership management to effectively plan, deliver and report audit work in a consistent and efficient manner. The system provides a secure working platform and ensures confidentiality of data. The system promotes mobile working, allowing the team to work effectively at client locations or at remote locations should the need arise.

Staff Development and Training

Devon Audit Partnership management assess the skills of staff to ensure the right people are available to undertake the work required.

Staff keep up to date with developments within internal audit by attending seminars, taking part in webinars and conferences, attending training events and keeping up to date on topics via websites and professional bodies. Learning from these events helps management to ensure they know what skills will be required of our team in the coming years, and to plan accordingly.

Devon Audit Partnership follows formal appraisal processes that identify how employees are developing and create training and development plans to address needs.

Devon Audit Partnership

March 2020

6

Auditing for achievement

Internal Audit

Internal Audit Plan 2020-21

Mid Devon District Council Audit Committee

March 2020

devon **audit** partnership

Robert Hutchins
Head of Audit Partnership

Auditing for achievement

CUSTOMER SERVICE EXCELLENCE
CSE

Introduction

Internal auditing is defined by the Public Sector Internal Audit Standards (PSIAS) which set out the requirements of a 'Board' and of 'senior management'. For the purposes of the internal audit activity within the Council the role of the Board within the Standards is taken by the Council's Audit Committee and senior management is the Council's Leadership Team.

This Council's Internal Audit Charter formally describes the purpose, authority, and principal responsibilities of the Council's Internal Audit Service, which is provided by the Devon Audit Partnership (DAP) as represented in the audit framework at appendix 1, and the scope of Internal Audit work. The PSIAS make reference to the role of "Chief Audit Executive". For the Council this role is fulfilled by the Head of Devon Audit Partnership.

The Audit Committee, under its Terms of Reference contained in the Council's Constitution, is required to review and approve the Internal Audit Plan to provide assurance to support the governance framework (see appendix 2).

The chief audit executive is responsible for developing a risk-based plan which takes into account the organisation's risk management framework, including using risk appetite levels set by management for the different activities or parts of the organisation as represented in appendix 3.

The audit plan represents the proposed internal audit activity for the year and an outline scope of coverage. At the start of each audit the scope is discussed and agreed with management with the view to providing management, the Director of Finance (Section 151) and members with assurance on the control framework to manage the risks identified. The plan will remain flexible and any changes will be agreed formally with management and reported to Audit Committee.

Expectations of the Audit Committee for this annual plan

Audit Committee members are requested to consider:

- the annual governance framework requirements;
- the basis of assessment of the audit work in the proposed plan;
- the resources allocated to meet the plan;
- proposed areas of internal audit coverage in 2020-21.

In review of the above the Audit Committee are required to approve the proposed audit plan.

Robert Hutchins
Head of Audit Partnership

Service level plans

This years audit plan has been developed further using the former 4 year cyclic plan as a base for discussions with management and the Leadership Team and considering the Council's risk register and plans. We have aligned the plan with sector risks (see appendix 5). The plan has been extended wider again this year recognising these risks include the following considerations:

- 'core work' will need to maintain work on what are termed "key financial systems" systems that process the majority of income and expenditure for the Council, and which have a significant impact on the reliability and accuracy of the annual accounts e.g. Payroll, Creditors, Main Accounting System, Housing Benefit etc.
- We continue to streamlined this core work to facilitate review of other risks. This has proved effective in practice where we have been able to add further key risks this year, maintained core audits where generally, sound arrangements are in place for these systems – and balanced this with extending periods on some service are reviews or dropping lower risk areas from the plan.
- We have identified key risks with Directors, risks that currently affect core assurance service delivery with a key focus on:

  - Corporate plan – action planning
  - Climate change - governance
  - safeguarding – corporate responsibility
  - key developments
    - o investment, development, digitalisation
  - commercialisation

  - information governance – data protection changes
  - cyber security
  - Partnerships, collaboration and third-party risk
  - transactional integrity

High Level Audit Plan

This chart shows a summary of planned audit coverage for the year remaining at 395 direct days; full details are in the cyclic plan (following page) . It should be borne in mind that, in accordance with the Public Sector Internal Audit Standards, the plan needs to be flexible to be able to

reflect and respond to the changing risks and priorities of the Authority and, to this end, it will be regularly reviewed and updated as necessary, to ensure it remains valid and appropriate. As a minimum, the plan will be reviewed in six months to ensure it continues to reflect the key risks and priorities.

We have identified some audits (see appendix 6) that through review present as priority for the year yet do not fit within planned days. As this stands the Authority can choose to add additional days and cover this work, include them in pending work to be prioritised within year plan changes or scheduled in next years audit plan.

Detailed terms of reference will be drawn up and agreed with management prior to the start of each assignment – in this way we can ensure that the key risks to the operation or function are considered during our review.

Audit Plan Days 2020-21
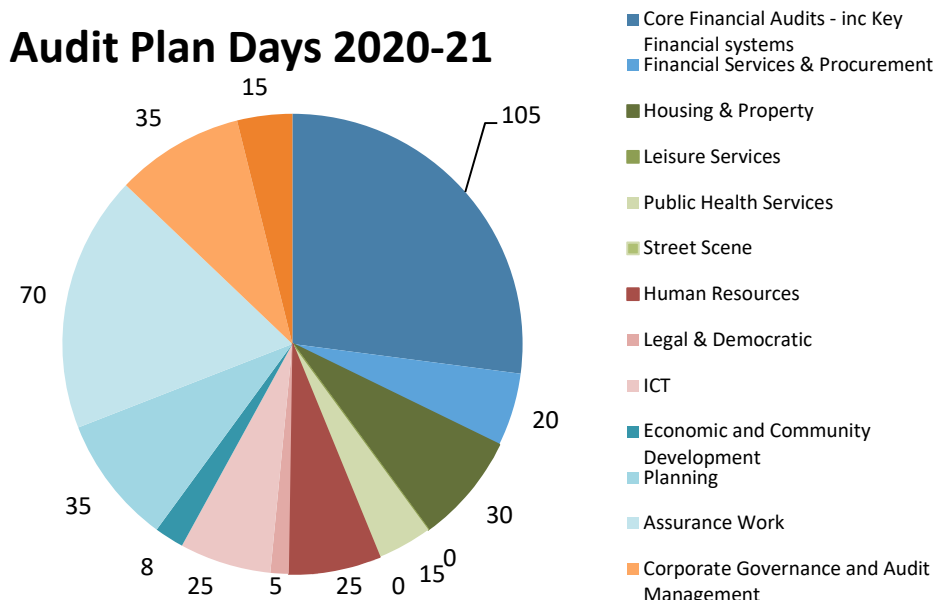
Challenges and Opportunities					
Transformational Change • delivering more with less • commercialisation • meeting customer needs • alternative service delivery vehicles	**Partnering and Collaboration** • governance arrangements • Public Sector Network (PSN) • information governance • third party assurance	**Commissioning** • flexible contracting, focused on outputs not inputs • flexible payment structures to reflect reduced budgets • performance management	**Information Technology** • infrastructure resilience • information security • desktop availability • cloud computing • channel shift	**Financial & operational constraint** • reduction of control framework • loss of experienced staff • income generation	**Compliance & Regulatory** • key financial systems • housing maintenance • data protection • annual governance arrangements

Fraud Prevention and Detection and Internal Audit Governance

Fraud Prevention and Detection and the National Fraud Initiative

Counter-fraud arrangements are a recognised risk for the Council and assist in the protection of public funds and accountability. Our Counter Fraud Service is supporting the Authority's review of counter fraud arrangements, investigations into alleged concerns and can undertake additional services as required. The authority is encouraged to agree a separate plan of work for counter fraud work. Our Counter Fraud service will oversee investigations, instances of potential fraud and irregularities referred to it by managers, and can also carry out pro-active anti-fraud and corruption testing of systems considered to be most at risk to fraud. In recognition of the guidance in the Fraud Strategy for Local Government "Fighting Fraud Locally", and the publication "Protecting the English Public Purse 2016". Our services will liaise with the Council to enable resource to be focussed on identifying and preventing fraud before it happens. Additionally, guidance recently introduced by CIPFA, in their 'Code of practice on managing the risk of fraud and corruption', and also the Home Office 'UK Anti-Corruption Plan', will further inform the direction of counter-fraud arrangements going forwards.

Corporate Governance

An element of our work is classified as "Audit Governance" – this is work that ensures effective and efficient services are provided to the Council and the internal audit function continues to meet statutory responsibilities. In some instances this work will result in a direct output (i.e. an audit report) but in other circumstances the output may simply be advice or guidance. Some of the areas that this may cover include:-

- Preparing the internal audit plan and monitoring implementation;
- Preparing and presenting monitoring reports to Leadership and the Audit Committee;
- Assistance with the Annual Governance Statement;
- Liaison with other inspection bodies (e.g. Grant Thornton);
- Corporate Governance - Over recent years Internal Audit has become increasingly involved in several corporate governance and strategic issues, and this involvement is anticipated to continue in the coming year;
- On-going development within the Partnership to realise greater efficiencies in the future.

Partnership working with other auditors

We will continue to work towards the development of effective partnership working arrangements between ourselves and other audit agencies where appropriate and beneficial. We will participate in a range of internal audit networks, both locally and nationally, which provide for a beneficial exchange of information and practices. This often improves the effectiveness and efficiency of the audit process, through avoidance of instances of "re-inventing the wheel" in new areas of work which have been covered in other authorities.

The most significant partnership working arrangement that we currently have with other auditors continues to be that with the Council's external auditors (Grant Thornton), Audit West and Audit South West (Internal Audit for NHS).

3

Audit Area	Year Last Audited	Days 2020/21	Days 2021/22	Days 2022/23	Days 2023/24	TOTAL	Plan Comments
CORE FINANCIAL ASSURANCE AUDITS (- Annual)							
Council Tax and NNDR	2019/20	15	10	12	10	47	Compliance Review (inc. follow-up)
Income and Cash Collection (inc Debtors)	2019/20	10	10	10	10	40	Compliance review (inc. follow-up) and consideration of implications of team structure changes (linked to creditors) and data quality control.
Recovery	2019/20	10	10	10	10	40	Systems documentation and consideration of scope of operation as corporate recovery team.
Main Accounting System	2019/20	10	10	10	15	45	Compliance review (inc. follow-up) and consideration of implications of team staff changes. Review of how MTFP and Business Plans are built into budget setting and monitoring process.
Housing Benefits	2019/20	10	10	15	10	45	Compliance review (inc. follow-up) Customer On-line Access (New System)
Creditors	2019/20	10	10	10	10	40	Compliance review (inc. follow-up) and consideration of implications of team structure changes (linked to income) and data quality control.
Housing Rents (including rent arrears)	2019/20	10	15	10	10	45	Compliance Review (inc. follow-up) Progress on systems deployment to Cloud Based hoster service.
Treasury and Cashflow Management	2019/20	5	5	5	5	20	Compliance review (inc. follow-up) and consideration of staff changes.
Payroll	2019/20	10	10	10	15	45	Compliance review (inc.follow-up)
Car Parking Income} alternate years	2018/19	10		10		20	Focus on fault resolution and contract performance management controls.
Trade Waste }	2019/20		10		10	20	
ICT Core Audit	2019/20	5	5	5	3	18	Focus on BCP and resilience.
TOTAL CORE ASSURANCE AUDITS		**105**	**105**	**107**	**108**	**425**	

RISK BASED AUDITS (Risk Based- mainly 4-yearly)

Human Resources

Audit Area	Year Last Audited	Days 2020/21	Days 2021/22	Days 2022/23	Days 2023/24	TOTAL	Plan Comments
Time Recording System	2014/15					0	Trusted Advisor support if there is to be systems change - meet from contingency
Sickness and Other Time Off	2019/20	5			8	13	Follow-up of implementation of new policy - Street Scene
Skills and Training		3				3	Trusted Advisor support on skills database.
Recruitment, Selection, succession planning	2018/19			5		5	
Appraisals and Training	2019/20	7				7	Review how it is working, are they being completed, are people engaging in the new competency process. Evolve Project. - sharing of knowledge Q3.

Audit Area	Year Last Audited	Days 2020/21	Days 2021/22	Days 2022/23	Days 2023/24	TOTAL		Plan Comments
Travel and Subsistence (incl Pool cars)	2017/18				10	10		
Job Evaluation framework	2019/20				6	6		
Corporate Health & Safety incl Homeworking/Loneworkin	2015/16		10			10		Full systems review early 2021-22 - new staff.
Off Payroll working - Use of Consultants (Payroll)	2017/18			5		5	*1	
Workplace Stress Management			6			6		
Human Resources Total		15	16	10	24	65		

Financial Services & Procurement

Audit Area	Year Last Audited	Days 2020/21	Days 2021/22	Days 2022/23	Days 2023/24	TOTAL		Plan Comments
VAT	2018/19			10		10		
Insurance	2017/18		10			10		
Asset management inc Leasing (Property/Vehicles/Equip	2019/20				10	10		Link to Corporate Plan, Capital Programme and Climate Change
Procurement (2-yearly)	2018/19	10		15		25	*1	Consideration of key contracts, follow-up of the procurement strategy with focus on themes of local engagement, climate change and social value.
Contract Management - Contract Register & Contracts (2-yearly)	2019/20	5	15		5	25		Third Party Risk - Full risk based review (link to Collaborative and Partner Working audit)
Commercial Rents	2019/20				5	5		
Funding Cuts Revenue and Capital						0		to be considered as part of the Main Accounting audit - MTFS
Transformation - Benefits Realisation		5	5	5	5	20		Project to be selected
Financial Services & Procurement Total		20	30	30	25	105		

ICT

Audit Area	Year Last Audited	Days 2020/21	Days 2021/22	Days 2022/23	Days 2023/24	TOTAL		Plan Comments
Telephones - Fixed and Mobile	2014/15					0		Not consider to be a significant risk
Cyber Security (inc Information Security)	2019/20	10		10	10	30		
ICT systems (ITIL Methodology)	2019/20	15	15	10	15	55		New Business Transformation Strategy - including change management, training and mobilisation.
New Projects		Contingency				0	*2	Possible corporate CRM system upgrade
Gazateer Management	2014/15					0		Not consider to be a significant risk
ICT Total		25	15	20	25	85		

Audit Area	Year Last Audited	Days 2020/21	Days 2021/22	Days 2022/23	Days 2023/24	TOTAL		Plan Comments
Planning								
Building Control (incl income and all other areas)	2018/19	5				5		Follow-up plus consideration of action plan from the Hacket Report.
Development Control - (incl S106)	2019/20	10			5	15	*1	Stage 2 -Compliance review of new system - confirm systems suitability for management of key projects - Culm Garden
- Monitoring of developments		10						Statutory Returns and the Housing Delivery Test (link to GESP Partners - joint work)
Listed Buildings and Conservation Areas	2015/16		10			10		Deferred from 2019-20
Forward Planning	2013/14	10				10		Progress of Local Plan lessons learnt and Monitoring Process of the Plan
Projects - eg Culm Garden Village			5	5		10		linked to Development Control
Enforcement	2017/18		10			10		
Planning Total		35	25	5	5	60		
Public Health Services								
Environmental Health	2017/18		15			15		
Licensing Services	2016/17	5				5		Trusted Advisor review of new system
Private Sector Housing	2019/20				10	10		
Emergency Planning (also Business Continuity Planning)	2015/16	10		10		20		
Public Health Services Total		15	15	10	10	50		
Leisure (one centre per year)								
Exe Valley Leisure Centre (incl income and all other area	2019/20		3	follow-up	4	7		
Culm Valley Sports Centre (incl income and all other area	2018/19		3	10	3	16		
Lords Meadow Leisure Centre (incl income and all other	2017/18		4		3	7		Compliance Review
Leisure Total		0	10	10	10	30		
Legal & Democratic Services								
Members Allowances	2019/20				5	5		
Gifts & Hospitality/Register of Interests	2016/17	5				5		Adequacy of process and forms to manage risk - new members.
Electoral Registration & Elections	2017/18			10		10		
Local Land Charges	2016/17			10		10		

Audit Area	Year Last Audited	Days 2020/21	Days 2021/22	Days 2022/23	Days 2023/24	TOTAL	Plan Comments
Legal Services	2015/16		10			10	Records Management
Legal & Democratic Total		5	10	20	5	40	

Street Scene

Audit Area	Year Last Audited	Days 2020/21	Days 2021/22	Days 2022/23	Days 2023/24	TOTAL	Plan Comments
Refuse & Recycling (2 yearly)	2018/19		10	10		20	Govt looking to make garden waste non-chargeable service collection round efficiency - 3 weeks
Vehicles & Fuel (including inventory & maintenance)	2019/20				10	10	
Business Continuity Planning	2019/20					0	
District Officers	2017/18		10			10	
Street Cleansing & Public Cleaning			5			5	
Grounds Maintenance (Parks & Open Spaces)	2018/19			10		10	
Street Scene Total		0	25	20	10	45	

Customer Services

Audit Area	Year Last Audited	Days 2020/21	Days 2021/22	Days 2022/23	Days 2023/24	TOTAL	Plan Comments
Customer Care/Complaints	2017/18		10			10	
Community Engagement & Consultation	2019/20				10	10	
Digitalisation Electronic payments/online forms/social media	2017/18	10			10	20	
Customer Services Total		10	10	0	20	40	

Housing & Property Services

Audit Area	Year Last Audited	Days 2020/21	Days 2021/22	Days 2022/23	Days 2023/24	TOTAL	Plan Comments
Care Services (Alarm Income)	2017/18		5			5	
Repairs and Maintenance	2019/20		10		10	20	Alternate Housing or Property
Stores	2016/17	10			8	18	Deferred from 2019-20 (vfm review 10 days)
Health & Safety Management Arrangements incl Estate Inspections (2-yearly)	2018/19	10		10		20	Property Services
Cemeteries & Bereavement Services	2016/17			5		5	
Voids Management Arrangements	2016/17		10			10	
Lettings	2019/20				10	10	
Housing Options	2018/19			10		10	
Service Charges		10				10	

Audit Area	Year Last Audited	Days 2020/21	Days 2021/22	Days 2022/23	Days 2023/24	TOTAL		Plan Comments
Standby	2016/17			5		5		Not consider to be a significant risk
Data Protection in service / partner contracts						0		part covered under Corporate Information Management and collaborative and Partnership working
Housing & Property Services Total		30	25	30	28	113		

Economic & Community Development

Audit Area	Year Last Audited	Days 2020/21	Days 2021/22	Days 2022/23	Days 2023/24	TOTAL		Plan Comments
Grants, subscriptions & donations	2015/16		5			5		
Economic Regeneration	2014/15					0		
Housing Company (3 Rivers)	2019/20	8		10	5	23	*1	Follow-up review, focus on business case and performance monitoring reports. Company development.
Markets	2014/15			10		10		
Economic & Community Development Total		8	5	20	5	38		
RISK BASED AUDITS TOTAL		**163**	**186**	**175**	**167**	**671**		

Corporate Assurance

Audit Area	Year Last Audited	Days 2020/21	Days 2021/22	Days 2022/23	Days 2023/24	TOTAL		Plan Comments
Governance - inc Ethics and Cuture	2018/19	10	5	5	10	30		New Mandatory Policy Dec 2019 - embed process
Equality impact assessments	2018/19			5		5		
Safeguarding	2019/20	5	5	5	10	25		Focus Area - identificationand reporting of concerns - Housing Tennant Services and Housing Repairs
Corporate Information Management - Information Assets ,Data Protection (2-yearly)	2018/19	10		10		20		Progress of Corporate information Management actions from 2018 Data Protection Act - staff compliance and management of data sharing agreements
Data Quality						0		Theme to key audit areas - focus on creditors masterfile
Freedom of Information - Subject Access Requests - EIR	2019/20				10	10		
Corporate Plan		10				10		Establishment of actions, links to business plans and KPIs
Business Continuity - Emergency Planning & Disaster recovery	2018/19		5		10	15		
Collborative / Partnership Working	2019/20	5		5		10	*1	link to Contract Management
Political change - Brexit						0		The Auditority considers this a low level risk where it mainly has an advisory role.

Audit Area	Year Last Audited	Days 2020/21	Days 2021/22	Days 2022/23	Days 2023/24	TOTAL		Plan Comments
Performance Management			10			10		2021 Process and evidence base review of new indicators
Risk Management - Spar/Data Quality	2018/19	5		8		13		Training GMs - risk description and mitigation recording. Planning Service workshop
Climate Change - Environmental impacts		15	10	10	10	45		Strategic review of governance arrangements and alignment and transition plans
Audit Follow-up (key reviews from last year)	2019/20	10	10	10	10	40	*1	
Corporate Assurance		**70**	**45**	**58**	**60**	**233**		

CORPORATE GOVERNANCE

Audit Governance		35	35	35	35	140		
Fraud/Irregularity and prevention		10	10	10	10	40		
Consultancy/Advice/Contingency		15	15	10	15	55	*2	
Other Work Total		**60**	**60**	**55**	**60**	**55**		

Surplus / (Shortfall) in resources	-3	-1	0	0

SUMMARY

	2020/21	2021/22	2022/23	2023/24
Available Audit Days	**343**	**343**	**343**	**343**
Management	**52**	**52**	**52**	**52**
Core Systems	105	105	107	108
Risk Based Audit	163	186	175	167
Assurance Work	70	45	58	60
Corporate Governance	60	60	55	60
TOTAL	398	396	395	395

Appendix 1 - Audit Framework

Internal Audit is a statutory service in the context of The Accounts and Audit (England) Regulations 2015, which state: "A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards (PSIAS) or guidance".

DAP, through external assessment, demonstrates that it meets the Public Sector Internal Audit Standards (PSIAS).

The Standards require that the Chief Audit Executive must "establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals". When completing these plans, the Chief Audit Executive should take account of the organisation's risk management framework. The plan should be adjusted and reviewed, as necessary, in response to changes in the organisation's business, risk, operations, programs, systems and controls. The plan must take account of the requirement to produce an internal audit opinion and assurance framework.

This audit plan has been drawn up, therefore, to enable an opinion to be provided at the end of the year in accordance with the above requirements.

Devon Audit Partnership

- **shared working across authorities**
- **in accordance with our internal audit charter**

Auditing   for   achievement

We will seek opportunity for shared working across member authorities. In shared working Devon Audit Partnership will maximise the effectiveness of operations, sharing learning & best practice, helping each authority develop further to ensure that risk remains suitably managed.

Page 11

Appendix 2 - Annual Governance Framework Assurance

The Annual Governance Statement provides assurance that
- o The Authority's policies have been complied with in practice;
- o high quality services are delivered efficiently and effectively;
- o ethical standards are met;
- o laws and regulations are complied with;
- o processes are adhered to;
- o performance statements are accurate.

The statement relates to the governance system as it is applied during the year for the accounts that it accompanies. It should:-
- be prepared by senior management and signed by the Chief Executive and the Mayor;
- highlight significant events or developments in the year;
- acknowledge the responsibility on management to ensure good governance;
- indicate the level of assurance that systems and processes can provide;
- provide a narrative on the process that is followed to ensure that the governance arrangements remain effective. This will include comment upon;
  - o The Authority;
  - o Audit Committee;
  - o Risk Management;
  - o Internal Audit
  - o Other reviews / assurance
- Provide confirmation that the Authority complies with CIPFA's recently revised International Framework – Good Governance in the Public Sector. If not, a statement is required stating how other arrangements provide the same level of assurance.

Corporate Risk Management framework and Reporting

Internal Audit Assurance on the internal control framework

Annual Governance Framework

Executive and Service Director Review and Assurance

External Audit and Other Assurance Reports
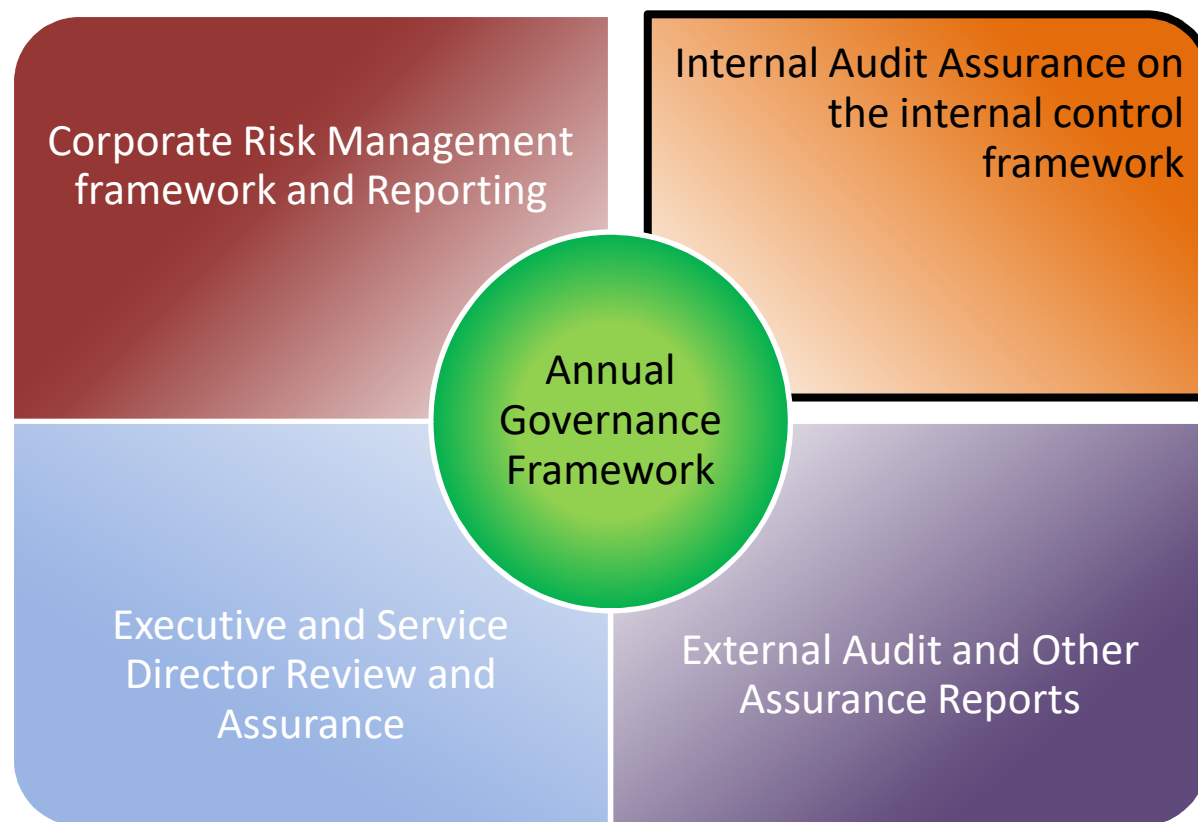
The AGS needs to be presented to, and approved by, the Audit Committee, and then signed by the Chair.

The Committee should satisfy themselves, from the assurances provided by the Annual Governance process, SLT, Internal Audit, and other assurance providers (e.g. Audit South West) that the statement meets statutory requirements.

Appendix 3 - Audit Needs Assessment

We employ a risk based priority audit planning tool to identify those areas where audit resources can be most usefully targeted. This involves scoring a range of systems, services and functions across the whole Authority, known as the "Audit Universe" using a number of factors/criteria. The final score, or risk factor for each area, together with a priority ranking, then determines an initial schedule of priorities for audit attention.

The result is the Internal Audit Plan set out earlier in this report.
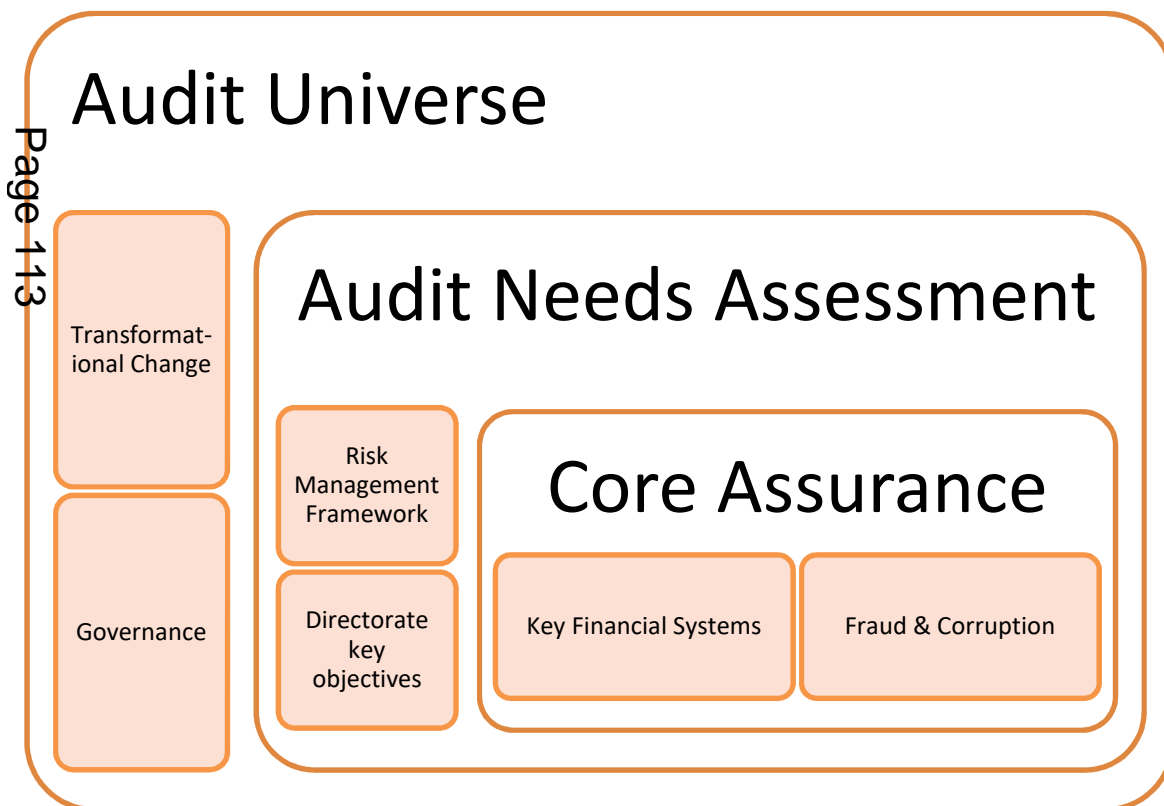
The audit plan for the year plan has been created by:

Consideration of risks identified in the Authority's strategic and operational risk registers

Review and update of the audit universe

Discussions and liaison with Directors and Senior Officers regarding the risks which threaten the achievement of corporate or service objectives, including changes and / or the introduction of new systems, operations, programs, and corporate initiatives

Taking into account results of previous internal audit reviews

Taking into account Internal Audit's knowledge and experience of the risks facing the Authority, including factors and systems that are key to successful achievement of the Council's delivery plans

Requirements to provide a "collaborative audit" approach with the external auditors

Audit Universe

Transformat-ional Change

Governance

Audit Needs Assessment

Risk Management Framework

Directorate key objectives

Core Assurance

Key Financial Systems

Fraud & Corruption

12

Appendix 4 - Our Audit Team and the Audit Delivery Cycle

December — March — June — September — December

Audit Planning
- Discussion & agreement with senior management
- Review and agreement with Audit Committee
- Review and resourcing of plan
- Review and reallocation of plan

Audit Delivery
- Schedule and completion of closing year audit plan
- Resourcing, scoping and implementation of new year plan
- Follow-up reviews of significant audit assurance opinions
- Key financial systems and core audit review work

Audit Reporting
- Annual Audit Plan & Audit Governance Framework
- Annual Audit Assurance Report
- Six month progress & follow-up reports
- Progress report

Robert Hutchins
Head of Audit Partnership
T 01392 383000
M 07814681196
E robert.hutchins@devonaudit.gov.uk

Nicky Skeggs
Auditor
T 01884 234237
E nskeggs@middevon.gov.uk

Susie Kingdom
Auditor
T 01884 234236
E skingdom@middevon.gov.uk

David Curnow
Deputy Head of Audit Partnership
T 01392 383000
M 07794201137
E david.curnow@devonaudit.gov.uk

Date	Activity
Dec / Jan 2020	Directorate planning meetings
March 2020	Internal Audit Plan presented to Audit Committee
	Internal Audit Governance Arrangements reviewed by Audit Committee
	Year end field work completed
Apr 2020	Annual Performance reports written
May 2020	Annual Internal Audit Report presented to Audit Committee
	Follow –up work of previous year's audit work commences
Sept 2020	Follow-up and progress reports presented to Audit Committee
Dec 2020	Six month progress reports presented to Audit Committee
	2021 Internal Audit Plan preparation commences

Appendix 5 Sector Risk Model

Source Institute of Internal Auditors – Risk in Focus 2020
Top ten risks seen in audit plans

2018	2019	2020
1. GDPR and the data protection challenge	1. Cybersecurity: IT governance & third parties	1. Cybersecurity & data privacy: rising expectations of internal audit
2. Cybersecurity: a path to maturity	2. Data protection & strategies in a post-GDPR world	2. The increasing regulatory burden
3. Regulatory complexity and uncertainty	3. Digitalisation, automation & AI: technology adoption risks	3. Digitalisation & business model disruption
4. Pace of innovation	4. Sustainability: the environment & social ethics	4. Looking beyond third parties
5. Political uncertainty: Brexit and other unknowns	5. Anti-bribery & anti-corruption compliance	5. Business resilience, brand value & reputation
6. Vendor risk and third party assurance	6. Communication risk: protecting brand & reputation	6. Financial risks: from low returns to rising debt
7. The culture conundrum	7. Workplace culture: discrimination & staff inequality	7. Geopolitical instability & the macroeconomy
8. Workforces: planning for the future	8. A new era of trade: protectionism & sanctions	8. Human capital: the organisation of the future
9. Evolving the internal audit function	9. Risk governance & controls: adapting to change	9. Governance, ethics & culture: the exemplary organisation
	10. Auditing the right risks: taking a genuinely risk-based approach	10. Climate change: risk vs opportunity

Appendix 6 – Unscheduled Audits Priority Work

Audits identified as priority where resources do not provide for coverage in the current years audit plan

We have identified some audits below that through review present as priority for the year yet do not fit within planned days. As this stands the Authority can choose to add additional days and cover this work, include them in pending work to be prioritised within year plan changes or scheduled in next years audit plan.

- Legal Services Records Management – this is also considered to be a corporate issue (10 days)

- Work Place Stress Management (6 days)

- Leisure Services operational compliance reviews (Payroll, income and security) (10days)

- Data sharing arrangements in housing services collaborative arrangements (5 days)

- Listed Buildings – deferred from 2019/20 to 2021 (10 days)

- Refuse and recycling – deferred to 2021-22 (10 days)

This page is intentionally blank.

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 .

This page is intentionally left blank

devon **audit** partnership

Internal Audit

Annual Audit Report
2019-20

Mid Devon District Council
Audit Committee

June 2020

Robert Hutchins
Head of Audit Partnership

Auditing for achievement

CUSTOMER SERVICE EXCELLENCE

CSE

Introduction

The Audit Committee, under its Terms of Reference contained in the 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 to date 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 annual 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 (see appendix 5) and satisfy themselves from this assurance for signing the Annual Governance Statement.

Robert Hutchins
Head of Devon Audit Partnership

Opinion Statement

Overall, based on work performed during 2019/20 and our experience from 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. The exception to this is in relation to the Council's governance arrangements over it's investment exposure associated to it's property development operation where our opinion is of 'improvements required'.

This opinion statement will provide Members with an indication of the direction of travel for their consideration for the Annual Governance Statement see appendix 4.

The Authority's internal audit plan for the year includes specific assurance, risk, governance and value added reviews which, with prior years audit work, provide a framework and background within which we assess the Authority's control environment. These reviews have informed the Head of Internal Audit's Opinion on the details of Internal Audit's opinion on each audit review carried out in 2019/20 to date. If significant weaknesses have been identified in specific areas, these will need to be considered by the Authority in preparing its Annual Governance Statement later in the year when preparing the Statement of Accounts for 2019/20.

In carrying out systems and other reviews, 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 rests with management, these are reviewed during subsequent audits or as part of a specific follow-up.

The summary Assurance Opinions chart on page 3 provides a "Themed" overview. We have RAG rated the audit areas covered to identify what our assurance is relative to the audit plan.

This statement of opinion is underpinned by:

Internal Control Framework

The control environment comprises the Council's policies, procedures and operational systems including processes in place to establish and monitor the achievement of the Council's objectives; facilitate policy and decision making; ensure economical, effective and efficient use of resources, compliance with established policy, procedure, law and regulation; and safeguard the Council's assets and interests from losses of all kinds. Core financial and administrative systems were reviewed by Internal Audit.

The Council's overall internal control framework is considered to have operated effectively during the year. Where internal audit work has highlighted instances of none or part compliance, none are understood to have had a material impact on the Authority's affairs. However, the opinion provided must be considered in light of the current (at time of writing) ongoing coronavirus pandemic, and the impact of this on the Council. Our opinion is based on internal audit work undertaken during 2019/20, a majority of which took place prior to Covid-19 and the resulting emergency measures being implemented.

Covid-19 measures have resulted in a significant level of challenge to the Council and put pressure on the expected control environment; the need for prompt and urgent action by officers has required changes to some procedures and control arrangements e.g. business grant funding. The level of impact this had in 2019/20, and continues to have in 2020/21, is changing as the situation develops. In respect of this annual report it has not been possible to fully quantify the additional risk that may have arisen from such emergency and short-term measures or fully determine the overall impact on the framework of governance, risk management and control.

Risk Management	**Governance Arrangements**	**Performance Management**
Risk Management process at strategic and operational level remains in place although it is recognised that ongoing review is required to improve the focus of risks to key business objectives and improve mitigation control. There remains work to be done to embed this at operational level.	Governance arrangements have been considered in the areas of projects and procurement and Contract, and found to be effective, but with opportunities to improve consistency or alignment to business need. The Councils engagement with the Information Security Group continues to provide governance in relation to management of information.	Performance is subject to monitoring at management and Committee levels through PDG and Scrutiny. This is supported by the SPAR performance monitoring system though it is recognised that this requires improvement to further embed monitoring into day to day operations.

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.	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.
Substantial Assurance	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.	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.

Summary Assurance Opinion

	Service Area Overview of Audit Coverage				Opportunity	Value Added
Summary of key audit reviews	**Finance & Resources**	**Corporate Affairs**	**Operations**	**Planning & Economy**		
	Assets Management	Job Evaluation Framework	Private Sector Housing	Development Control – S106	Appraisals and Training	Tender opening
	Commercial Rents	Ethics and Culture	Vehicle Fleet Management		Ethics and Culture	Fraud Prevention & Investigation
				Community Engagement & Consultation	Safeguarding	National Fraud Initiative
	Contract Management	Safeguarding	Housing Repairs and Maintenance		Housing Benefits Discovery Testing	Audit Follow-up
		Business Continuity Planning	Trade Waste Income	Property Development	Leisure Centre - EVLC	Consultancy
	VAT management of Partial Exemption	Freedom of Information	Lettings			Job Evaluation Panel

		Finance & Resources	Corporate Affairs	Operations	Planning & Economy	Opportunity	Value Added
Core Assurance	Key Financial Systems -	Main Accounting system, Financial Systems Admin		Council Tax & NNDR, Housing Benefits	Debtors, Housing Rents	Creditors, Payroll	Treasury Management, Bank Rec.
	Governance & Business Processes -		Contract Management	Risk Management	Budgeting system	Human Resource Systems	Procurement
	ICT -		Cyber Security	Systems Admin			

Note: Assurance opinions are 'RAG' rated to support the overall assurance opinion for the year. The ratings are relevant at the time of the audit review and assurance may have improved since that time. Performance against recommendations is shown in appendix 2.
Areas shaded blue denote opportunity or value added work.

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.

Feedback has led us to change the clearance process of audit findings with the introduction of a debrief at the close of audit. This will bring the feedback to an earlier stage and smooth the clearance process of the draft report. A selection of audit feedback surveys received have stated:-

"on cyber security – a fair reflection of the councils position"

"on Housing Health and Safety– identified opportunity gfor improvement"

"on audit – the customer service and manner of the auditor was excellent"

We trust that officers have found our engagement, support as a "trusted advisor" effective and constructive in these significantly changing times.

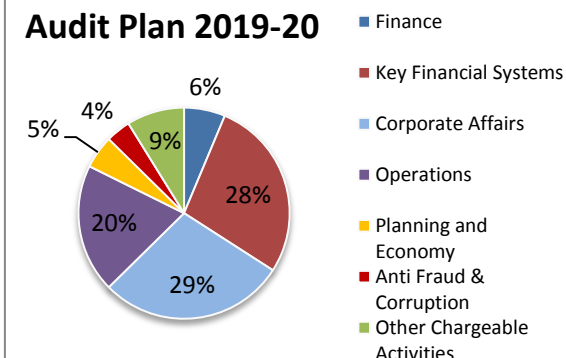## Audit Coverage and performance against plan

We have completed 91% of the revised plan for the year. The remaining audits have been either deferred by the client or rolled over the year end as work in progress. These will all be completed. The pie charts right shows the breakdown of audit days planned by service area / type of audit support provided. The balance of work has varied slightly during the year as can be seen from comparison with the second chart, and variations have been with full agreement of the client. Appendix 6 shows the performance indicators for audit delivery. Some audits required a richer mix of staff resource due to the complexity / sensitivity of the area under review e.g. ICT and property.

Appendix 1 to this report provides the final progress summary of the audits undertaken during the year, along with our assurance opinion. Where a "high" 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 "improvement required" has been provided then issues were identified during the audit process that required attention. We have provided summaries 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.

Fraud Prevention and Detection

Overall the risk of fraud at the Council is considered low. We have completed a review of the Councils fraud policy and procedures this year and provided training to Members on their role to develop understanding. The Council are in the process of agreeing improvement opportunities to their counter fraud arrangements. All our internal audit assignments include an aspect of considering the potential for fraud and how the council prevents such fraud occurring. In particular, work on the key financial systems (payroll, creditors, debtors, treasury management etc) considered the suitability and robustness of the control framework to prevent, detect and address fraud. The national data matching exercise (National Fraud Initiative - NFI) is supported by the Council every two years. There were no significant investigations that were required during the year though we are currently reviewing.

Audit Plan 2019-20

Legend: Finance, Key Financial Systems, Corporate Affairs, Operations, Planning and Economy, Anti Fraud & Corruption, Other Chargeable Activities

6%, 9%, 28%, 29%, 20%, 5%, 4%

Audit Delivery 2019-20

Legend: Finance, Key Financial Systems, Corporate Affairs, Operations, Planning and Economy, Anti Fraud & Corruption, Other Chargeable Activities

11%, 9%, 27%, 28%, 18%, 5%, 2%
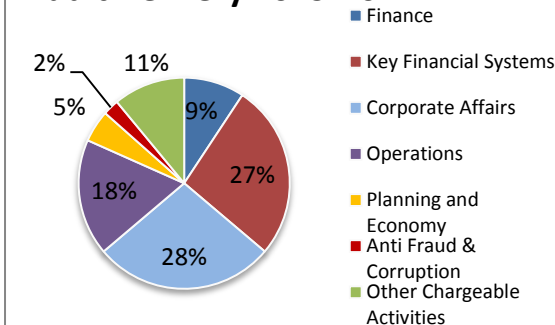
Progress of Audit Plan 2019-20

Legend: Completed, Work in Progress, Scheduled, Yet to be Scheduled
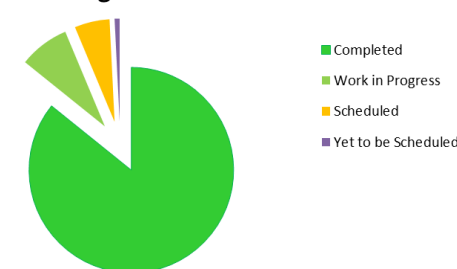
Appendix 1 – Summary of audit reports and findings for 2019-20

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		Summary of Recommendations High / Med / Low			Direction of Travel Assurance
	Assurance opinion	Executive Summary / Residual Risk				
Core Audit – Key Financial Systems						
Housing Rents Risk / ANA: ANA – High Spar 4x2=8 Low/amber Income collection	Good Standard Status: Draft	There is good control over budget setting and implementation of annual rents changes where government guidance on formula rent is complied with. There is a robust process in place for direct debit collection and associated maintenance of accounts. There has been a focus on collection of current tenant arrears for 2018/19. An analysis of arrears over the last year identified that the number of current tenant arrears accounts has increased by 14% however, the monetary increase has risen marginally (2.1%) which indicates that current tenant arrears is being managed well. Former tenant arrears have increased by just over 50% both in monetary value and number of accounts. The re-structure in Housing Services has allowed for a designated team to focus on income collection including reviewing and implementing the arrears procedures. The process of informing System Administrators of leavers and movers requires review to ensure that risk of unauthorised access is addressed.	2	1	1	G
Council Tax, NNDR and Recovery Risk / ANA: ANA –High Spar 3x3=9 Medium	Good Standard Status: Completed	The audit has been completed ad we are currently in the process of drafting our report. The control framework for council tax and NNDR remains sound and the operation of controls by staff on a day to day basis is considered to be effective. Customer accounts were found to be effectively managed and amendments are processed in good time. We found no material concerns from our review. One of the key compliance controls has not been operating during the year due to staff availability which reduces the internal control assurance, however, we understand that this will be resumed. At the time of the audit, staff were in the process of reviewing of the Small Business Rates Relief to ensure income maximisation from Non - Domestic Rates. This is the second year that this has been undertaken and it will provide some additional assurance to the emergency arrangements for business grant relief during the current pandemic. Work has been carried out to ensure accuracy of reconciliations between the cash receipting system and the Northgate system (Revenues and Benefits). These are now up to date and are carried out by Finance. There is an effective process in place to monitor arrears and progress with recovery. Detailed testing of this will be carried out the 1920-21 audit plan.		n/a		G

Page 124

Risk Area / Audit Entity	Audit Report		Summary of Recommendations High / Med / Low			Direction of Travel Assurance
	Assurance opinion	Executive Summary / Residual Risk				
Risk Based Audits						
Commercial Rents Risk / ANA: ANA - Medium Spar – not recorded	**Improvements required** Status: draft	In overview the high-level control framework is sound where the Capital Asset Management Group is responsible for ensuring effective liaison on asset management issues across the Council, and to also ensure that assets are being managed efficiently. A review of the meeting minutes found that regular progress updates were provided by the Group Manager for Corporate Property and Commercial Assets, and other officers. These procedures comply with the Asset Management and Capital Strategy Plan 2016-20 and give a high level of assurance of a corporate approach to proposals effecting the Council's land and buildings. We found a number of operational risks where mitigating controls were not operating effectively and where the impacts of market forces and operational approach have compromised controls. Key among these are: - delays in renewal of tenancy leases many of which have passed expiry dates and are in a 'rolling' status; - property database is not up to date with all information for management control; - debt performance management through property agents. These are all known issues and some progress is being made, however, the corporate stance on some of these matters needs further consideration.	2	5	2	⬈
Culture and Ethics Risk / ANA: ANA - Medium Spar – not recorded	Good Standard Status: Final	The purpose of this review was to follow-up on the progress of the management actions from our previous audit, carried out in February 2019. Our follow-up found that progress has been made in all of the areas highlighted in our original review, with the Scrutiny Committee having received training in May 2019 to enable them to understand their role to 'challenge' decisions made by the Council. Since our previous review, the new Corporate Plan has been approved and there is now a dedicated section within the Plan which explains 'how' the Council intends to do business. This addresses the 'opportunity' raised in the previous report to communicate the Council's values to their customers. These measures should help to continue the work to embed the Council's vision and ethos with both the community and staff.	0	0	1	🟩G
Freedom of Information Risk / ANA: ANA –Medium Spar – not recorded (GDPR Compliance 5x2=10 Amber)	High Standard Status: Final	Our review found that for recording of response to FOI Requests (including exemptions, exceptions and charges) - the process for handling requests received is compliant with the FOI Act 2000. Policies and procedures in place, are up to date and specify responsibilities regarding the treatment of FOI and EIR requests. These documents comply to the Information Commissioners Office (ICO) Code of Practice, have owners and are subject to regular review and update. The Council, as required, also has a procedure in place for dealing with complaints in relation to its handling of information requests. The complaints procedure is in accordance with the FOI Act, Code of Practice and the EI Regulations. There is sufficient information available to the public on the website to be able to make a complaint / appeal if they are dissatisfied with an FOI response.	0	0	0	🟩G

		Audit Report			
Risk Area / Audit Entity	**Assurance opinion**	**Executive Summary / Residual Risk**	**Summary of Recommendations High / Med / Low**		**Direction of Travel Assurance**

Risk Area / Audit Entity	**Assurance opinion**	**Executive Summary / Residual Risk**	**High**	**Med**	**Low**	**Direction of Travel Assurance**
Leisure Centres - EVLC Risk / ANA: ANA –Medium Spar – not recorded	Good Standard Status: Draft	The Council committed to building a new extension at Exe Valley Leisure Centre (EVLC) where the site was considered to be at full capacity, particularly at peak times, and it was felt that there was potential to increase membership uptake and provide better equipment to improve customer satisfaction. The original Business Case was supported by results from studies carried out by external companies on latent demand, analysis of equipment usage and number of fitness classes. There is good evidence that memberships and usage has increased following the new extension though they have not reached expected targets. Leisure services have completed a post implementation "lessons learnt" report which is informing management monitoring. Our review found evidence that membership numbers, customer numbers and participation in fitness classes is analysed and closely monitored on a regular basis, by managers, along with customer comments which informs decisions relating to class and equipment requirements, driven by customer demand. An annual marketing plan is produced with details of each initiative, allocating time, expenditure and named officers to each campaign. We consider these actions and other monitoring to be good practice yet further drive is needed to enable target measures to be better achieved. We feel that there is an opportunity for service monitoring to be a more formal report for senior management, to give assurance that progress against objectives is achieved, and that the objectives of the project have been realised.	0	4	0	⬆️G
Business Continuity Planning Risk / ANA: ANA –Medium Spar 4x2=8 Low/ amber	Good Standard Status: Final	At the time of our previous review of Business Continuity Planning in February 2019, a full-scale test of BCP's covering Phoenix House to run through scenarios in a mock environment without giving any warning to staff, had just been completed. Following the exercise an action plan was created. Updates to the action plan were carried out through the regular Group Manager Forums. We found that most of the actions have been completed, however, there are some outstanding actions that still need to be followed up relating to evidence of BCP arrangements with 3rd party suppliers. It would be prudent to carry out (at least) an annual review of BCP's to ensure that plans are kept up to date, and amendments are made where necessary. It is recognised that this is happening during the current pandemic where many plans have been put in practice to good effect.	0	2	0	⬆️G
Development Control – S106 – follow-up review Risk / ANA: ANA – High Spar 5x2=10 med /amber	**Improvements Required** Status: Draft	Following our original audit review of the S106 Planning Obligations in 2017/18, a follow-up review was undertaken in 2018/19 where, despite some progress having been made in the system controls, the audit opinion remained at 'improvements required'. Since then the Council's decision, was to develop an in-house design and build software system to replace the existing software package which had not been used to any great effect. At this stage, where the newly designed system is not yet complete and operational. Until such time, the assurance remains at improvements required where the risks around identification of S106, income management and utilisation of funds remain. We do, however, consider that weaknesses previously reported are being addressed and therefore the direction of travel is positive.	2	2	0	↗️

		Audit Report				
Risk Area / Audit Entity	**Assurance opinion**	**Executive Summary / Residual Risk**	**Summary of Recommendations High / Med / Low**			**Direction of Travel Assurance**
Contracts Management Risk / ANA: ANA – High Spar – not recorded	High Standard Status: Final	Controls in place to ensure that the Council's contracts register is accurate an updated in a timely manner operate to a high standard. Policies, procedures and monitoring of compliance with the expected procedures is effective. There is an opportunity to enhanced assurance in the automation of reports relating to supplier spend, to ensure that contracts are in place where expenditure over three cumulative years may reach the defined thresholds alternative procurement procedures, to comply with the Public Sector Procurement Framework.	0	0	1	⬆️G
Partnerships Risk / ANA: ANA – Medium Spar – 4x2=8 Low/amber	Opportunity Completed	Findings of the audit are currently being reviewed and will be agreed with management. The main consideration relates to the definition of 'what is a partnership'? The Council's financial regulations set clear understanding of how formal partnerships are to be agreed and this is recognised in the strategic risk register. There are only two formal partnerships which are governed by proper legal agreements. There are, however, a large number of informal partnerships many of which the Council is dependent on for achievement of objectives and or where, for example information governance, risks are not clearly recognised or defined. The wider control framework may mitigate some of these risks like information governance, however, in the absence of clarity this is not clear and requires review.			n/a	
Members Allowances Risk / ANA: ANA – Low Spar – not recorded	Good Standard Completed	The draft report is currently being prepared – there are no material errors or concerns.			n/a	⬆️G
Sickness Absence Risk / ANA: ANA – Medium Spar – not recorded	In progress	This audit was delayed because of the current situation with the pandemic. Progress is being made and will be reported at the following audit committee meeting. The focus of the review is compliance with existing absence policy to inform new policy to be introduced and to provide assurance around the current reported KPI levels.			n/a	
ICT – Core Systems Risk / ANA: ANA – High Spar 5x3=15 High/Red	Completed	Findings of the audit are currently being reviewed and will be agreed with management – no material concerns found.				⬆️G
ICT Cyber Security and Strategy Risk / ANA: ANA – High Spar 5x4=20 Very High/ Red	Deferred	Work carried forwards and to be scheduled in the Summer 2020			n/a	

Appendix 2 – Recommendation Performance Indicators

Incomplete Audits	Year	High			Medium			Low			Total			Direction of Travel R,A,G	Comments
		C	N	O	C	N	O	C	N	O	C	N	O		
Development Management S106	2017			2		1	3				0	1	5	R▶	Progress being monitored by LT. S106 Governance arrangements to be approved by Cabinet. ICT are developing an in-house software solution. Currently at end-user testing stage. CIL action plan delayed due to Inspector review of Local Plan. New target date for CIL is 31/03/20
Equality impact assessment	2018	1			3					1	4	0	1	R▶	Use of equality impact assessments for all restructuring processes.
Procurement	2018			1	4		2				4	0	3	R▶	Corporate Procurement Strategy outstanding - deadline extended. Monitoring Waivers over £10k to Audit Committee.
Partnerships - Building Control	2018	1	1		8						9	1	0	R▶	Joint Partnership management meetings
Payroll	2017	3			6		1				9	0	1	⬈	Call logged with Zellis, awaiting information on how to set up auditing using the auditing report
Insurance	2017				3					1	3	0	1	⬈	Insurance checks for external contractors. 75% contracts are souced through Framework agreements or SLoAC; compliance insurance is monitored through these agreements.
Creditors	2018				3		1	2		1	5	0	2	⬈	On-line pro-forma has not yet gone 'live'. End-user testing still needs to be done. User guides for creditors process need to be reviewed and saved in digital format.
Housing Health & Safety	2019	1			6	2	5	1		1	8	2	6	⬈	Policy due to go to cabinet in May 2020
Private Sector Housing	2019				2		3	3			5	0	3	⬈	
Debtors	2019				1		2	1	1	1	2	1	3	⬈	Progress has been deferred to July 2020
Vehicles & Fuel	2015	5			6		1				11	0	1	G	Draft transport policy has now been written & to LT in December
Housing Benefits	2018				1	1		1			2	1	0	G	Re-tendering of disaster recovery contract - due date June 2020
Ctax and NNDR and recovery	2018	1			2		1	3			6	0	1	G	Outstanding S106 invoice escalated to now Legal for debt recovery
Business Continuity Planning	2018						2				0	0	2	G	Links to third party assurance
Risk Management	2018		6			7			0		0	13	0	G	
Cyber Security and LGA Stocktake	2018	5	2		5	1	1				10	3	1	G	
Safeguarding	2019	2			3	1					5	1	0	G	3 safeguarding awareness training sessions have been carried out with operatives during May 2020. Now need to pick up on those who were unavailable at the time.
Vehicles & Fuel	2019		1			1					0	2	0	G	
Housing - adaptations	2019		1			6				3	0	10	0	G	
Housing Benefits	2019				2	1					2	1	0	G	
Housing Lettings	2019					1					0	1	0	G	
ICT Service Transition	2019	3	1		3	5					6	6	0	G	
Asset Management	2019					2	0		2		0	4	0	G	dates extended
		22	12	3	58	29	22	11	6	5	91	47	30		

CORE	

SYSTEM	

C = Completed   54%

N= Not yet due   28%

O=   Overdue   18%

Not progressing R▶

Progressing some overdue ⬈

On Target G   * report just issued

Appendix 3 - Professional Standards and Customer Service

Conformance with Public Sector Internal Audit Standards (PSIAS)

Conformance - Devon Audit Partnership conforms to the requirements of the PSIAS for its internal audit activity. The purpose, authority and responsibility of the internal audit activity is defined in our internal audit charter, consistent with the *Definition of Internal Auditing,* the *Code of Ethics* and the *Standards.* Our internal audit charter was approved by senior management and the Audit Committee in March 2017. This is supported through DAP self-assessment of conformance with Public Sector Internal Audit Standards & Local Government Application note.

Quality Assessment – through external assessment December 2016 "DAP is considered to be operating in conformance with the standards". External Assessment provides independent assurance against the Institute of Internal Auditors (IIA) Quality Assessment & Public Sector Internal Audit Standards (PSIAS). The Head of Devon Audit Partnership also maintains a quality assessment process which includes review by audit managers of all audit work. The quality assessment process and improvement is supported by a development programme.

Improvement Programme – DAP maintains a rolling development plan of improvements to the service and customers. All recommendations of the external assessment of PSIAS and quality assurance were included in this development plan and have been completed. This will be further embedded with revision of our internal quality process through peer review. Our development plan is regularly updated and a status report was which is monitored by the Management Board in October 2019 and reported to the Partnership Committee.

Performance Indicators

Overall, performance against the indicators has been very good with improvements made on the previous year (see Appendix 6). We are aware that some of our draft and final reports were not issued to the customer within the agreed timeframes (15 working days for draft report and 10 working days for final report). We continue to review where performance in this area can be improved.

Customer Service Excellence

In June 2019, DAP was successful in re-accreditation by G4S Assessment Services of the CSE. We continue to issue client survey forms with our final reports and the results of the surveys returned are, although low in number, very good and again are very positive. The overall result is very pleasing, with near 98% being "satisfied" or better across our services, see appendix 7. It is very pleasing to report that our clients continue to rate the overall usefulness of the audit and the helpfulness of our auditors highly.

Analysis of Customer Survey Results 2019-20

- Very Satisfied — 76%
- Satisfied — 22%
- Adequate — 2%
- Poor — 0%

Appendix 4 - Audit Authority

Service Provision

The Internal Audit (IA) Service for Mid Devon Council is delivered by the Devon Audit Partnership (DAP). This is a shared service arrangement constituted under section 20 of the Local Government Act 2000. The Partnership undertakes an objective programme of audits to ensure that there are sound and adequate internal controls in place across the whole of the Council. It also ensures that the Council's assets and interests are accounted for and safeguarded from error, fraud, waste, poor value for money or other losses.

Strategy

Internal Audit Strategy sets out how the service will be provided and the Internal Audit Charter describes the purpose, authority and principal responsibilities of the audit function.

Regulatory Role

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

Section 5 of the Accounts and Audit Regulations (England) Regulations 2015 which states that 'a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.....''

Section 151 of the Local Government Act 1972, which requires every local authority to make arrangements for the proper

Professional Standards

We work to professional guidelines which govern the scope, standards and conduct of Internal Audit as set down in the Public Sector Internal Audit Standards.

DAP, through external assessment, demonstrates that it meets the Public Sector Internal Audit Standards (PSIAS).

Our Internal Audit Manual provides the method of work and Internal Audit works to and with the policies, procedures, rules and regulations established by the Authority. These include standing orders, schemes of delegation, financial regulations, conditions of service, anti-fraud and corruption strategies, fraud prevention procedures and codes of conduct, amongst others.

Support, Assurance and Innovation

Appendix 5 - Annual Governance Framework Assurance

The conclusions of this report provide the internal audit assurance on the internal control framework necessary for the Committee to consider when reviewing the Annual Governance Statement.

The Annual Governance Statement provides assurance that
- o the Authority's policies have been complied with in practice;
- o high quality services are delivered efficiently and effectively;
- o ethical standards are met;
- o laws and regulations are complied with;
- o processes are adhered to;
- o performance statements are accurate.

The statement relates to the governance system as it is applied during the year for the accounts that it accompanies. It should:-
- be prepared by senior management and signed by the Chief Executive and Chair of the Audit Committee;
- highlight significant events or developments in the year;
- acknowledge the responsibility on management to ensure good governance;
- indicate the level of assurance that systems and processes can provide;
- provide a narrative on the process that has been followed to ensure that the governance arrangements remain effective. This will include comment upon;
  - o The Authority;
  - o Audit Committee;
  - o Risk Management;
  - o Internal Audit;
  - o Other reviews / assurance.

Provide confirmation that the Authority complies with CIPFA / SOLACE Framework *Delivering Good Governance in Local Government*. If not, a statement is required stating how other arrangements provide the same level of assurance
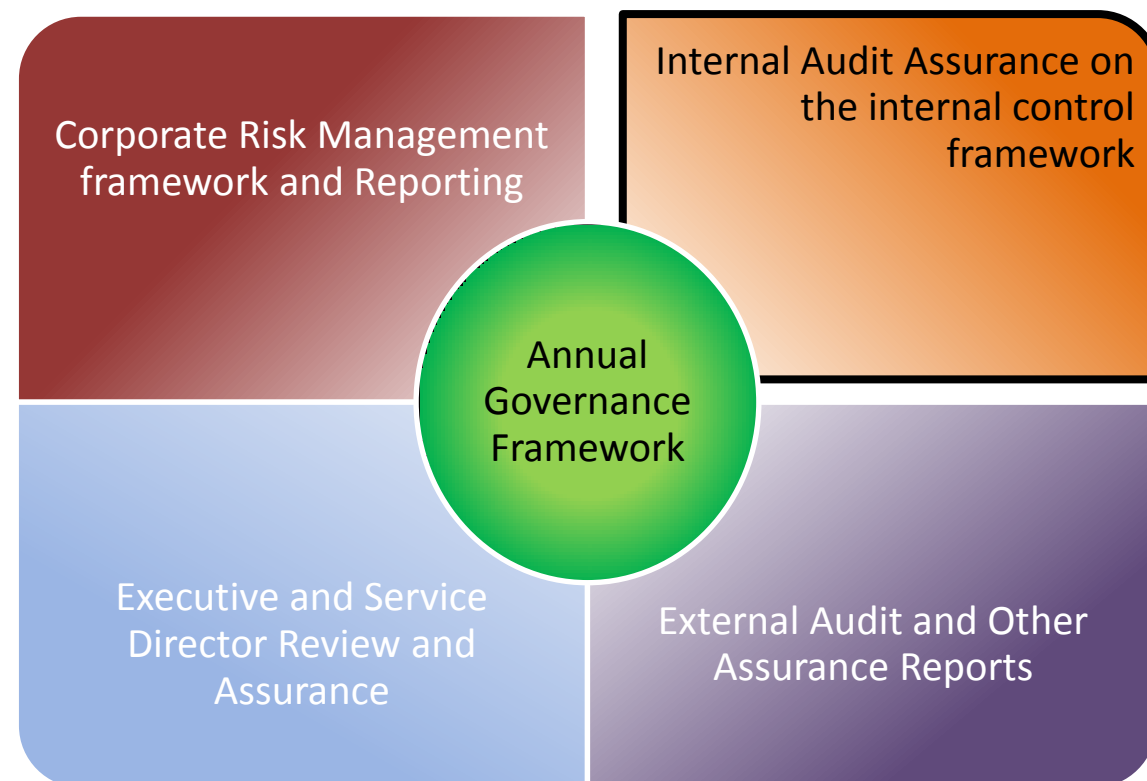
The AGS needs to be presented to, and approved by, the Audit Committee, and then signed by the Chair.

The Committee should satisfy themselves, from the assurances provided by the Corporate Risk Management Group, Executive and Internal Audit that the statement meets statutory requirements and that the management team endorse the content.

Appendix 6 – Performance Indicators

There are no national Performance Indicators in existence for Internal Audit, however, the Partnership does monitor the following Local Performance Indicators LPI's:

Local Performance Indicator (LPI)		2018/19	2019/20
	Full Year Target	12mth Month Actual	12mth Month Actual
Percentage of Audit plan Commenced	90%	98%	100%
Percentage of Audit plan Completed	90%	98%	91%*
Actual Audit Days as percentage of planned	90%	93%	93%
Percentage of fundamental / material systems reviewed annually	100%	100%	100%
Percentage of chargeable time	65%	66%	67%
Customer Satisfaction - % satisfied or very satisfied as per feedback forms	90%	97%	98%
Draft Reports produced within target number of days (currently 15 days)	90%	83%	69% **
Final reports produced within target number of days (currently 10 days)	90%	91%	86%
Average level of sickness absence (DAP as a whole)	2%	2.2%	3%
Percentage of staff turnover (DAP as a whole)	5%	4%	4%**
Out-turn within budget	Yes	Yes	Yes

* remaining work has been rolled through to the new year (mainly ICT audit inc. cyber security and strategy in agreement with the client) and will be completed in the first half.
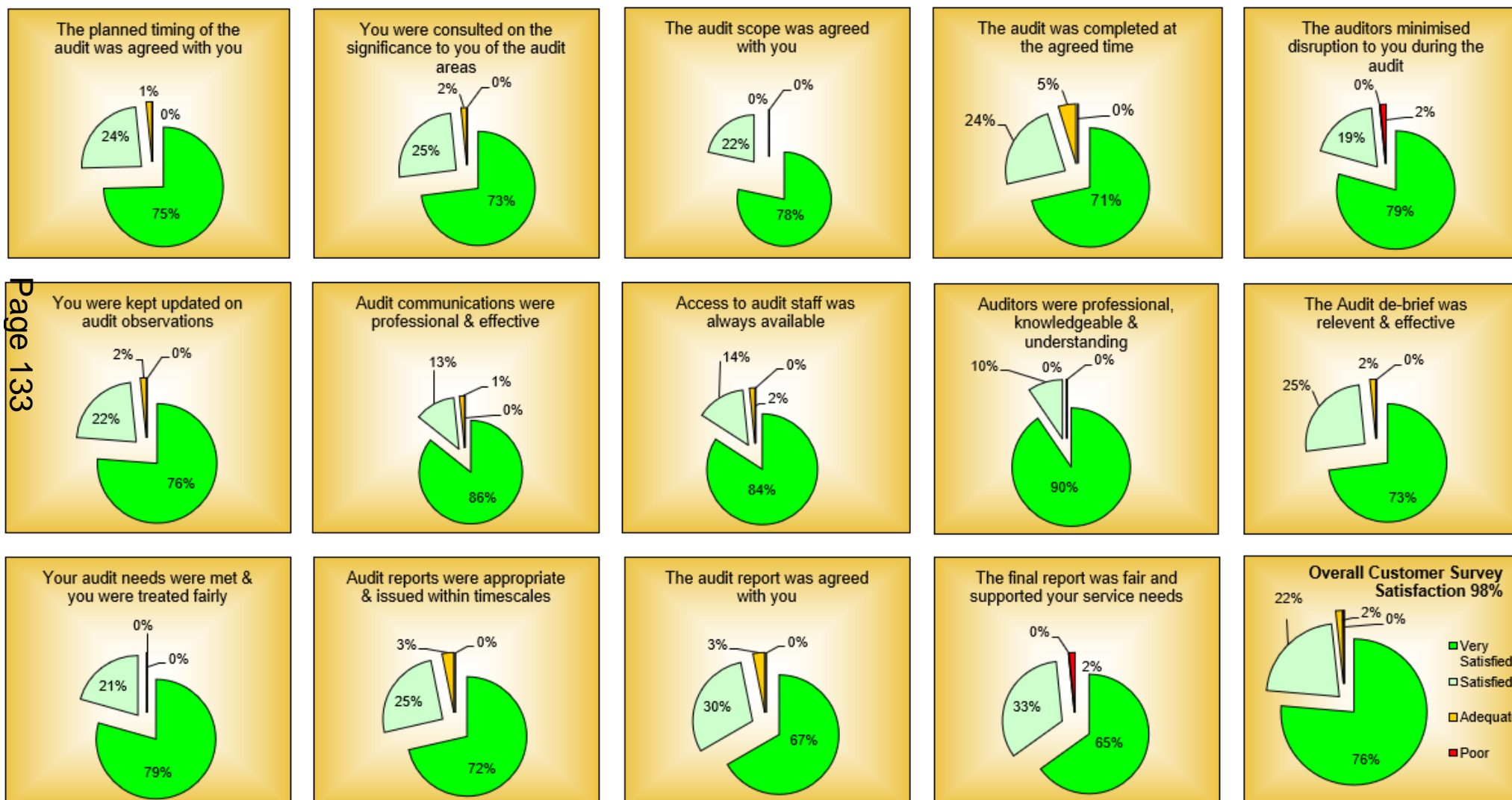** There is a mixture of issues behind the draft report issue with staff allocation, leave and not least the pandemic in the later part of the year. This is a position overall that we will be addressing to get back on track with. Following staff change we have restructured our delivery and will have a Team of auditors delivering work to MDDC jointly with our other District Council Partners. This will help ensure that delivery is maintained and provides a wider experience base of staff.

Overall, performance against the indicators has been met.

Appendix 7 - Customer Service Excellence

Customer Survey Results April 2019 - March 2020

The charts below show a summary of 63 responses received.

The planned timing of the audit was agreed with you
1% — 0% — 0% — 24% — 75%

You were consulted on the significance to you of the audit areas
2% — 0% — 25% — 73%

The audit scope was agreed with you
0% — 0% — 22% — 78%

The audit was completed at the agreed time
5% — 0% — 24% — 71%

The auditors minimised disruption to you during the audit
0% — 2% — 19% — 79%

You were kept updated on audit observations
2% — 0% — 22% — 76%

Audit communications were professional & effective
13% — 1% — 0% — 86%

Access to audit staff was always available
14% — 0% — 2% — 84%

Auditors were professional, knowledgeable & understanding
10% — 0% — 0% — 90%

The Audit de-brief was relevent & effective
2% — 0% — 25% — 73%

Your audit needs were met & you were treated fairly
0% — 0% — 21% — 79%

Audit reports were appropriate & issued within timescales
3% — 0% — 25% — 72%

The audit report was agreed with you
3% — 0% — 30% — 67%

The final report was fair and supported your service needs
0% — 2% — 33% — 65%

Overall Customer Survey Satisfaction 98%
22% — 2% — 0% — 76%

Legend:
- Very Satisfied
- Satisfied
- Adequate
- Poor

14

Appendix 8 - Basis for Opinion

The Chief Internal Auditor is required to provide the Council with an opinion on the adequacy and effectiveness of its accounting records and its system of internal control in the Council. In giving our opinion, it should be noted that this assurance can never be absolute. The most that the internal audit service can do is to provide reasonable assurance, formed from risk-based reviews and sample testing, of the framework of governance, risk management and control.

This report compares the work carried out with the work that was planned through risk assessment; presents a summary of the audit work undertaken; includes an opinion on the adequacy and effectiveness of the Authority's internal control environment; and summarises the performance of the Internal Audit function against its performance measures and other criteria. The report outlines the level of assurance that we are able to provide, based on the internal audit work completed during the year. It gives:

- a statement on the effectiveness of the system of internal control in meeting the Council's objectives:
- a comparison of internal audit activity during the year with that planned;
- a summary of the results of audit activity and;
- a summary of significant fraud and irregularity investigations carried out during the year and anti-fraud arrangements.

The extent to which our work has been affected by changes to audit plans has not been notable this year and we have been able to accommodate the changes required within planned resources and completed the work.

In previous years, other service priorities have impacted audit delivery in only a small way and this year is no different. This has not affected the level of assurance provided.

The overall audit assurance will have to be considered in light of this position.

In assessing the level of assurance to be given the following have been taken into account:

- all audits completed during 2019/20, including those audits carried forward from 2018/19;
- any follow up action taken in respect of audits from previous periods;
- any significant recommendations not accepted by management and the consequent risks;
- the quality of internal audit's performance;
- the proportion of the Council's audit need that has been covered to date;
- the extent to which resource constraints may limit this ability to meet the full audit needs of the Council;
- any limitations that may have been placed on the scope of internal audit.

This page is intentionally blank.

Page 135

| Devon Audit Partnership	Confidentiality and Disclosure Clause
The Devon Audit Partnership has been formed under a joint committee arrangement. 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.	This report is protectively marked in accordance with the National Protective Marking Scheme. It is accepted that issues raised may well need to be discussed with other officers within the Council, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation's disclosure policies.
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 .	This report is prepared for the organisation's use. We can take no responsibility to any third party for any reliance they might place upon it.

This page is intentionally left blank

External Audit Plan update

Year ending 31 March 2020

Mid Devon District Council

16 April 2020
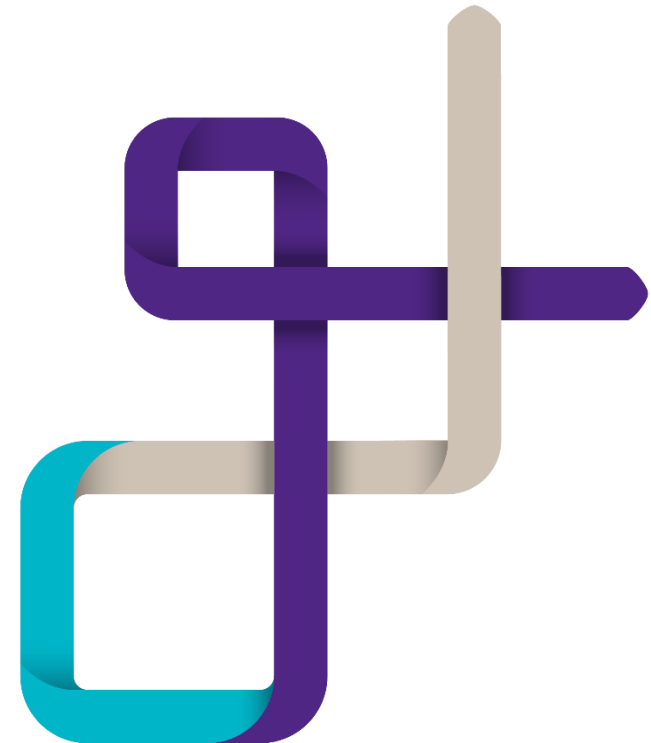
Agenda Item 15.

Introduction & headlines

Purpose

This document provides an update to the planned scope and timing of the statutory audit of Mid Devon District Council ('the Authority') as reported in our Audit Plan dated 28 January 2020, for those charged with governance.

The current environment

In addition to the audit risks communicated to those charged with governance in our Audit Plan on 28 January 2020, recent events have led us to update our planning risk assessment and reconsider our audit and value for money (VfM) approach to reflect the unprecedented global response to the Covid-19 pandemic. The significance of the situation cannot be underestimated and the implications for individuals, organisations and communities remains highly uncertain. For our public sector audited bodies, we appreciate the significant responsibility and burden your staff have to ensure vital public services are provided. As far we can, our aim is to work with you in these unprecedented times, ensuring up to date communication and flexibility where possible in our audit procedures.

Impact on our audit and VfM work

Management and those charged with governance are still required to prepare financial statements in accordance with the relevant accounting standards and the Code of Audit Practice, albeit to an extended deadline for the preparation of the financial statements up to 31 August 2020 and the date for audited financials statements to 30 November 2020. We continue to be responsible for forming and expressing an opinion on the Authority's financial statements and VfM arrangements.

In order to fulfil our responsibilities under International Auditing Standards (ISA's (UK)) we have revisited our planning risk assessment. We may also need to consider implementing changes to the procedures we had planned and reported in our Audit Plan to reflect current restrictions to working practices, such as the application of technology to allow remote working. Additionally, it has been confirmed since our Audit Plan was issued that the implementation of IFRS 16 has been delayed for the public sector until 2020/21.

Changes to our audit approach

To date we have:

· Identified a new significant financial statement risk, as described overleaf

· Reviewed the materiality levels we determined for the audit. We did not identify any changes to our materiality assessment as a result of the risk identified due to Covid-19.

Changes to our VfM approach

We have updated our VfM risk assessment to document our understanding of your arrangements to ensure critical business continuity in the current environment. We have not identified any new VfM risks in relation to Covid-19.

Conclusion

We will ensure any further changes in our audit and VfM approach and procedures are communicated with management and reported in our Audit Findings Report. We wish to thank management for their timely collaboration in this difficult time.

Page 138

Significant risks identified – Covid – 19 pandemic

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Covid – 19	The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to;	We will:

The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to;

- Remote working arrangements and redeployment of staff to critical front line duties may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation

- Volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation and receivable recovery estimates, and the reliability of evidence we can obtain to corroborate management estimates

- Financial uncertainty will require management to reconsider financial forecasts supporting their going concern assessment and whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen; and

- Disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties.

We therefore identified the global outbreak of the Covid-19 virus as a significant risk, which was one of the most significant assessed risks of material misstatement.

We will:

- Work with management to understand the implications the response to the Covid-19 pandemic has on the organisation's ability to prepare the financial statements and update financial forecasts and assess the implications on our audit approach.

- Liaise with other audit suppliers, regulators and government departments to co-ordinate practical cross sector responses to issues as and when they arise.

- Evaluate the adequacy of the disclosures in the financial statements in light of the Covid-19 pandemic.

- Evaluate whether sufficient audit evidence using alternative approaches can be obtained for the purposes of our audit whilst working remotely.

- Evaluate whether sufficient audit evidence can be obtained to corroborate significant management estimates such as asset valuations and recovery of receivable balances.

- Evaluate management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment.

- Discuss with management any potential implications for our audit report if we have been unable to obtain sufficient audit evidence.

Page 139

This page is intentionally left blank

Chairman's Annual Report – 2019/20
Audit Committee

Like the seasons and birthdays we seem to have all too quickly returned to the time of the chairs annual report, the highlight of the committee year.

The Audit Committee like many others saw a shift in the individual members who attend and work on your and the authorities behalf at the 2019 June meeting, the start of our committee year.

25th June 2019

Our first meeting saw more new faces than several of the previous year's put together with the election of chair and vice chair being the initial priority.

I cannot stress enough the honour it is to have been re-elected as Chair of your Audit Committee and I thank members of the Committee for allowing me the privilege.

We saw Cllr A Wyer elected as a very capable Vice Chair, Andy, as with other new members, arrived with a new set of questions and challenges, an invaluable boost for the Committee.

Business started with opportunities for essential training days being announced along with an explanation of Mid Devon working with the Devon Audit Partnership (DAP) for our internal audit work and Grant Thornton (GT) as our external auditors.

DAP meets at Devon County Council and is chaired on a rotating basis, this year 2019 / 20 it is Mid Devon's turn and I as the MDDC Audit Chair was elected to chair the committee for the coming year.

MDDC have two seats/ votes as do the other partners, Devon County Council, Torbay Council, Plymouth City Council, and Torridge the partnership continues to expand with South Hams considering membership.

All minutes and agendas can be found on the DCC web site.

The work of your committee seeks to look at "RISK" in all its forms and isn't simply looking at financial out-turns. We receive all PDG committee reports and have the ability to ask other committees to look at specific areas or indeed if we feel strong enough ask senior officers to attend to give some clarity on specific areas.

Many subjects do seem to come round or have a regular slot given members interest or curiosity. June saw discussions on, Gigaclear, trim trails, missing revenue notes and Climate Change challenges.

The internal annual report was received with a detailed and substantive assurance report on 3 Rivers Development, Section 106 management, IT issues and details of outstanding internal audit recommendations.

July 2019 Special meeting

This is the largest of the Audit committee meetings. Your committee need to examine and seek to agree the:

Annual Governance statement (AGS)
Accounts
Grant Thornton (GT) External Auditors report

All the above had open discussion with the AGS being approved, the accounts being approved after detailed discussion on reserves and CARBON neutrality amongst the topics.

Once again MDDC received an unqualified opinion from GT and a satisfactory Value for Money opinion.

August 27th

Some topics do appear throughout the year and Climate Change is a topic that has now joined the ranks of 3RDL, town centre shop vacancies, absenteeism and past Audit action updates.

Committee agreed that Climate change and associated risk would be a lead topic for the committee going forward and I have asked that Cllr Elizabeth Wainwright be invited to attend Audit in March 2020 to give committee her views as the relevant portfolio holder.

Committee took an interest in the authority's leisure facilities and discussion took place in part two given the nature of the financial detail discussed.

Our internal Audit Manager, Mr David Curnow, suggested that each service area should have a champion to aid customer engagement, progress report awaited.

8th October

A brief report from myself as to the value of a training day attended by Cllr Wyer and myself at Buckfast Abbey ran by (GT).   This is an annual event and very worthwhile attending as it gives an overview from GT as to what other authorities are doing and the general issues effecting local Authorities UK wide.

Further discussion took place on 3RDL in relation to risk to the authority and its governance arrangements.

All internal audit reports were discussed as well as all PDG committee reports.

It was agreed that a presentation should be looked at on fraud prevention for the committee, given by a member of the DAP fraud team (this took place in January 2020).

10th December

Unusual for Audit we had a member of the public attend to ask questions on 3RDL, these to be answered in a written response.

Further discussion on 3RDL as to the concerns around impairment and the fact the Cabinet did not seem to have a full understanding of 3RDL and needed a mechanism to receive more information.

Reports on Performance and Risk, AGS and External Audit all noted.

28th January 2020

Sad start to the New year.

As Chair I gave a few words on the sad passing of Cllr John Daw, although not an Audit Committee member, a sad loss to our authority. I was also required to confirm the loss of Jo Nacey who is to leave the authority in March.

Performance and risk....
Discussion took place around sickness stats, climate change and how we monitor progress against reduction of carbon.

Discussion on 3RDL as members still concerned about impairment and risk to the authority against loans and profitability. Also 3RDL required audit arrangements.

That concludes the committee year, some familiar topics and others such as climate change becoming ever increasingly discussed.

We enter 2020 with enormous challenges ahead and a need for clear and focused minds, all committees will play a vital part in assisting officers by giving clear focus and steer on not just the what but the how and why, more than ever I believe a focus by the Audit Committee on risk needs to be sustained.

Cllr Bob Evans
Chairman of the Audit Committee

This page is intentionally left blank