

# Public Document Pack

## Mid Devon District Council

### Audit Committee

**Tuesday, 27 September 2022 at 5.30 pm**  
**Phoenix Chambers, Phoenix House, Tiverton**

**Next meeting**  
**Tuesday, 22 November 2022 at 5.30 pm**

Join Zoom Meeting

<https://us06web.zoom.us/j/84955732049?pwd=cTF1QnVCZWpuYTR0TGxPUjlpY1ZNUOT09>

Meeting ID: 849 5573 2049

Passcode: 752352

One tap mobile

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Meeting ID: 849 5573 2049

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## Membership

Cllr J Buczkowski

Cllr W Burke

Cllr Mrs C Collis

Cllr N V Davey

Cllr R Evans

Cllr R L Stanley

Cllr A White

Cllr Mrs N Woollatt

Cllr A Wyer

## **A G E N D A**

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

1.     **Apologies**  
To receive any apologies for absence.
2.     **Public Question Time**  
To receive any questions relating to items on the Agenda from members of the public and replies thereto.
3.     **Declaration of Interests under the Code of Conduct**  
To record any interests on agenda matters.
4.     **Minutes of the previous meeting** *(Pages 5 - 12)*  
To consider whether to approve the minutes as a correct record of the meeting held on 2 August 2022.
5.     **Chairman's Announcements**  
To receive any announcements that the Chairman may wish to make.
6.     **Internal Audit Progress Report** *(Pages 13 - 20)*  
To receive the Devon Audit Partnership Internal Audit Progress Report.
7.     **External Audit Progress Report**  
To receive a verbal progress report and sector update from Grant Thornton.
8.     **Identification of items for the next meeting**  
Members are asked to note that the following items are already identified in the work programme for the next meeting:
  - Performance and Risk
  - Revised Procurement Strategy
  - Data Quality Policy
  - 3RDL Business Plan
  - Statement of Accounts
  - Annual Governance Statement and Corporate Governance Framework
  - Grant Thornton's Audit Findings
  - Internal Audit Progress Report
  - External Audit Progress Report and Sector Update

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

**Stephen Walford**  
Chief Executive  
Friday, 16 September 2022

### Meeting Information

From 7 May 2021, the law requires all councils to hold formal meetings in person. The Council will enable all people to continue to participate in meetings via Zoom.

If you want to ask a question or speak, email your full name to [Committee@middevon.gov.uk](mailto: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. Notification in this way will ensure the meeting runs as smoothly as possible.

If you would like a copy of the Agenda in another format (for example in large print) please contact Sarah Lees on:

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

Public Wi-Fi is available in all meeting rooms.

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## MID DEVON DISTRICT COUNCIL

**MINUTES** of a **MEETING** of the **AUDIT COMMITTEE** held on 2 August 2022 at 5.30 pm

### **Present**

#### **Councillors**

N V Davey (Chairman)  
J Buczkowski, W Burke, Mrs C Collis,  
R Evans, R L Stanley, A White,  
Mrs N Woollatt and A Wyer

### **Also Present**

#### **Councillors**

R M Deed, R J Dolley, B A Moore and B G J Warren

### **Also Present**

#### **Officers**

Andrew Jarrett (Deputy Chief Executive (S151)), Matthew Page (Corporate Manager for People, Governance and Waste), Dean Emery (Corporate Manager for Revenues, Benefits and Recovery), Lisa Lewis (Corporate Manager for Business Transformation and Customer Engagement), Paul Middlemass (Audit Manager), Nicola Cuskeran (Interim Corporate Performance Manager & Safeguarding Officer), Kieran Knowles (Accountant), Sarah Lees (Member Services Officer) and Carole Oliphant (Member Services Officer)

### **PLEASE NOTE:**

**DURING THIS MEETING TECHNICAL ISSUES WERE ENCOUNTERED RELATING TO A LOSS OF CONNECTION WITH THE INTERNET. THIS WAS A LOCAL NETWORK ISSUE AND OUTSIDE OF THE COUNCIL'S CONTROL. THIS MEAN'T THAT THE RECORDING WAS AFFECTED AND PEOPLE JOINING THE MEETING VIA ZOOM FROM OUTSIDE LOST CONNECTION FOR PART OF THE MEETING.**

## **17. APOLOGIES**

There were no apologies for absence.

## **18. PUBLIC QUESTION TIME**

The following question was received from Mr Nick Quinn, local resident:

### **Concerning Agenda Item: 6 (Performance and Risk)**

In paragraph 2.13 of the Performance and Risk report, the response to FOI requests, in the first quarter (Apr – Jun 2022) is stated to be 99%.

The Quarter 1 Corporate Appendix 5, also gives figures which support this.

However, other information published on the Council Website suggests that the percentage figures given to Members is not accurate.

The FOI/EIR Disclosure Logs for Apr – Jun 2022, published on the Council Website, show the number of actual FOI requests received and responded to, during this quarter, was 144.

Of these requests, 13 were answered after the 20 day legal requirement.

So only 131 were answered within 20 working days – which means the performance rate for this quarter was really only 91%.

My question is:

Are Members concerned about the difference between the FOI Performance percentage figure reported to them in both the Performance and Risk summary report, as well as the Quarter 1 Corporate Appendix 5, and the actual performance shown in the FOI/EIR Disclosure Log for Apr – Jun 2022 which is published on the Council Website?

The Corporate Manager for People, Governance & Waste provided the following answer:

The performance figures of 99% would be accurate.

There are a few circumstances where a public body can extend its FOI response time – allowing it to pull together more information or work out if it should provide people with the information that it has been asked for.

With the 13 cases that took longer than the 20 working day legal requirement, some have been communicated with the applicant, some have been waiting for staff to return (Covid or leave) to work.

There have been no times when requests have been unanswered or ignored, for example, they have been kept informed with where their case is.

Of the 13 outstanding cases, one still remains unanswered and the applicant is aware it is still being processed.

Two cases are fully exempted and the remaining 10 have been answered fully or partially.

The Chairman stated that he understood that the Devon Audit Partnership would be undertaking an audit on this area in the near future.

It was further stated that Mr Quinn had had to search through a spreadsheet on the website for the information he had extracted and that the quarterly summary available to the public was not up to date. Had it been, his question may not have arisen.

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

Cllr Stanley declared a personal interest in that he was a Director of the 3 Rivers Development Company.

## **20. MINUTES OF THE PREVIOUS MEETING**

The minutes of the meeting held on 7 June 2022 were confirmed as a true record and signed by the Chairman.

## **21. CHAIRMAN'S ANNOUNCEMENTS**

The Chairman had the following announcements to make:

1. He had attended the South West Audit Chairs Forum in June which had been very useful. A number of presentations had been made and it had provided an opportunity to network with other Councillors in similar roles. He would circulate his notes to Members of the Committee.
2. He had attended a meeting of the Devon Audit Partnership on 12 July via Zoom where financial information was reported across the region. He also reported that Devon and Somerset Fire and Rescue Service would be joining DAP shortly.
3. He and the Vice Chairman had recently had a meeting with the Corporate Manager for Digital Transformation and Customer Engagement and the ICT Operations Manager regarding Cyber Security. They had been reassured that previous recommendations were being progressed and that DAP would be conducting a further audit in the near future.

## **22. PERFORMANCE AND RISK (00:14:00)**

The Committee had before it, and NOTED, a report \* from the Corporate Manager for People, Governance and Waste providing Members with an update on performance against the Corporate Plan and local service targets for 2022-23 as well as providing an update on the key business risks.

Discussion took place regarding:

- Whether the reduction of two play areas from 83 to 81 meant that they were being taken over by the relevant Town and Parish Council? The officer explained that she would find out and come back to the Committee.
- Figures regarding Fixed Penalty Notices were inaccurate within the report. It was explained that an updated report showing correct figures would be brought to the Environment Policy Development Group.
- It was stated that Cllr Wilce had had to resort to using FOI as he had not been getting answers to his questions in the normal way, he had said that he had at least 3 overdue requests. He had queried whether if an FOI request is late is it included in the figures until it is answered or just in the month it was made? Cllr Woollatt had looked in the logs and identified those from Cllr Wilce and had noted that they had N/A against them and wondered if Cllr Wilce would ever get a response, and if an FOI was refused shouldn't the enquirer get a

response with the reason of whatever exemption was being applied? It was requested that the Corporate Manager for Digital Transformation and Customer Engagement report back to the Committee with an answer.

- Concerns regarding staff resourcing, what actions were in place and what reassurance could be given to the Audit Committee since there wasn't anything within the report to provide this? It was explained that more flexible working arrangements were being arranged, the staffing structure within the Council was being looked at and a full establishment report would be brought to the Cabinet in the near future covering this area in depth.
- Concerns regarding whether planning applications were being dealt with within appropriate timescales.
- Risks in relation to the planning challenges faced by 3RDL and whether these were reflected to the correct extent within the report. It was explained that more detail could be provided in future reports especially in relation to complex issues such as the HIF.
- More data needed within the report in relation to the Tiverton Masterplan and digital activity.
- Staff appraisals and whether all staff were receiving them. It was confirmed that all staff were offered an appraisal. This had now moved online and approximately 91/92% had been completed. There had been some issues around the new software.
- Targets in relation to incubator space. The Economic Development Team had been heavily involved in work relating to the pandemic and the Homes for Ukraine Scheme and had not been able to focus on this area as much as they would have liked.

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

## 23. **DRAFT STATEMENT OF ACCOUNTS FOR 2021/2022 (00:40:00)**

The Committee had before it, and **NOTED**, the Draft Statement of Accounts \* for 2021/22. This presented the draft version of the annual Statement of Accounts to Members which was published on the website and presented for external audit. The Committee were also presented with a hard copy of a previous presentation explaining the role of the Audit Committee in the approval of the Accounts. The draft Accounts had also been prefaced with statements from the Leader, Chief Executive and Deputy Chief Executive (S151) setting out the Council's financial position.

The core financial statements included the following:

- Movement in Reserves Statement
- Comprehensive Income and Expenditure Statement
- Balance sheet (which was showing a healthy position)

Also worthy of reflection were the:

- HRA position
- Pensions Liabilities
- The Group Accounts
- The Collection Fund



Consideration was given to:

- Some of the capital programme had not been delivered as close to timetable as would have been liked but overall the position was very positive. Movement regarding some of the significant projects had been outside of the Council's control due to increasing costs.
- Uncertainty around central Government funding moving forwards.
- The difficult balancing act between holding a healthy budget and expenditure on projects for the benefit for Mid Devon residents.
- The importance of medium term financial planning in the autumn ahead of budget setting the following February.
- Car parking and leisure income were still not back to pre-Covid levels.
- The effect of the cost of living crisis on local residents.
- The Accounts themselves had been publically available since May and the public given an opportunity to comment and ask questions.
- An error was identified in the Property Services area and this would need to be adjusted in the Accounts.
- The Accounts were a snapshot of the financial position as at 31<sup>st</sup> March 2022. They made reference to the sale of assets which had been completed following that date.

**RESOLVED** to approve the Draft Statement of Accounts for 2021/2022 subject to an adjustment in the Property Services area as identified by the Committee.

(Proposed by the Chairman)

Note: \* Draft Statement of Accounts circulated previously, copy attached to the minutes.

#### 24. **DAP INTERNAL AUDIT PROGRESS UPDATE (01:20:00)**

The Committee had before it, and **NOTED**, a report \* from the Devon Audit Partnership presenting their internal audit progress report for the year to date.

The following was highlighted within the report:

- Summaries of recent audits were presented within the report.
- As part of the prevention of fraud work, it was stated that Devon County Council might be prepared to pay for an exercise to review single person discounts across the local region, it would then be up to district council's to decide if they wanted to take part. Currently the Council's preference was to use an external source. The Committee requested an update on this issue at their next meeting.
- As mentioned earlier in the meeting a Cyber Security audit would commence in the near future, as would audits on Data Protection, Climate Change, Grounds Maintenance, Car Parks and FOI requests.
- A lot of work had been undertaken to try to reduce the number of outstanding audit recommendations.
- Housing Benefits had been identified as a good service although it was noted there had been an increase in rent arrears. However, 3% in rent arrears needed to be seen within the wider context of £12.7m in rental income. The

national position regarding arrears was 7/8% therefore 3% reflected the hard work of the Housing rents team in trying to support tenants and speak to them on an individual basis.

- There had previously been some concern about resilience in the Payroll area but this had been resolved by recent recruitment.
- The audit of the Waste and Recycling area had been satisfactory although it was noted there was still a driver shortage issue.

Consideration was given to:

- Safeguarding training had needed to be 'face to face' hence a slight delay in meeting the timescale target.
- Whether staff 'working from home' was having any impact or delay on Council processes being progressed. It was confirmed that there was no correlation in staff working from home and the level of rent arrears.
- The financial challenges faced by Tenants.

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

## 25. **EXTERNAL AUDIT PROGRESS REPORT AND SECTOR UPDATE (01:51:00)**

The Committee had before it, and **NOTED**, a report \* from the external auditors providing an update on their work to date. The following items within the report were referred to and discussion took place regarding:

- There were no significant issues to bring to the Committee's attention.
- The external audit would start on site in September.
- In previous years the audit opinion had been brought to Committee in July but due to the complexity of how services were now delivered and change to regulations the Government deadline had been pushed back to November.
- An indicative fee had been provided (and broken down) for their audit which included a possible additional element of £5k in relation to remote working. It was hoped this could be avoided by increased onsite working.
- The benefits of having an Independent member on the Audit Committee. This was recognised as good practice nationally but recruitment was difficult. There might be an opportunity to share Independent Members across local authorities going forwards. This was being considered by S151 officers across the region.
- Progress with the collection of evidence regarding the 3RDL accounts was going well.

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

## 26. **IDENTIFICATION OF ITEMS FOR THE NEXT MEETING (02:10:00)**

No additional items were requested to be on the agenda for the next meeting other than those which were already listed in the work programme. However, the following issues were identified:

- The final set of Accounts and Grant Thornton's findings would be brought to the November meeting. Since the Annual Governance Statement needed to

be approved at the same time as the Accounts this would need to be moved too.

- It was agreed that a review of the 3RDL Business Plan should be brought to Audit for comment before being presented to the Cabinet. Depending on whether this would be ready in time, it was agreed that this should be brought to the next meeting of the Audit Committee.

(The meeting ended at 7.45 pm)

**CHAIRMAN**

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# Internal Audit Progress Report 2022-23

Mid Devon District Council  
Audit Committee

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September 2022

Tony Rose  
Head of Audit Partnership

Auditing for achievement

Agenda Item 6.

## Introduction

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

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

The Public Sector Internal Audit Standards require the Head of Internal Audit to provide an annual report providing an opinion for use by the organisation to inform its governance statement. This report provides our proposed opinion for 2022-23 based on work undertaken to date in the Opinion Statement.

The Internal Audit plan for 2022-23 was presented and approved by the Audit Committee in March 2022. The following report and appendices set out the background to audit service provision; summaries of audit work undertaken during the year and provides an opinion on the overall adequacy and effectiveness of the Authority's internal control environment.

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

Audit Committee members are requested to consider:

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

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

**Tony Rose**

**Head of Devon Audit Partnership**

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## Opinion Statement

**Overall, based on work performed during 2022/23 and our experience from the current year progress and previous years' audit, the Head of Internal Audit's Opinion is of "Reasonable Assurance" on the adequacy and effectiveness of the Authority's internal control framework.**

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

Internal Audit assesses whether key, and other, controls are operating satisfactorily within audit reviews. An opinion on the adequacy of controls is provided to management as part of the audit report.

All final audit reports include an action plan which identifies responsible officers, and target dates, to address control issues identified. Implementation of action plans is the responsibility of management yet may be reviewed during subsequent audits or as part of specific follow-ups.

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

<b>Substantial Assurance</b>	A sound system of governance, risk management and control exist across the organisation, with internal controls operating effectively and being consistently applied to support the achievement of strategic and operational objectives.
<b>Reasonable Assurance</b>	There are generally sound systems of governance, risk management and control in place across the organisation. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of some of the strategic and operational objectives.
<b>Limited Assurance</b>	Significant gaps, weaknesses or non-compliance were identified across the organisation. Improvement is required to the system of governance, risk management and control to effectively manage risks and ensure that strategic and operational objectives can be achieved.
<b>No Assurance</b>	Immediate action is required to address fundamental control gaps, weaknesses or issues of non-compliance identified across the organisation. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of strategic and operational objectives.

## Executive Summary of Audit Results

We provide a Reasonable Assurance for our Climate Change Audit. In our follow audit on Housing Care Service Alarms, we identify good progress to address weaknesses and have moved it from a Limited to Reasonable Assurance. Further details are in **Appendix 1**.

### Fraud Prevention and Detection

We continue to work with council officers on measures to identify and prevent fraud. For this year we are considering additional data analytical initiatives to undertake fraud initiatives across our different client areas. This includes agreement from Devon Council to fund a review of Council Tax Single Person Discount.

### Audit Coverage and Performance Against Plan

Progress to deliver the plan has been slow in July / August due to officer summer leave etc. However, we started work on the Cyber Security, and Information Management Audits and other audits including Car Parks and Grounds Maintenance. We do not currently anticipate any problem in substantially delivering this year's plan.

### Audit Recommendations

**Appendix 2** - There are currently 12 overdue recommendations (6 High and 6 Medium) listed on Spar (See **Appendix 1**). This compares to the ten recommendations reported at the last Audit Committee and represents continued progress to implement recommendations and to update SPAR. We understand that only High priority recommendations need Audit Committee agreement to extend target dates and that management can decide to extend Medium and Low recommendation target dates. We provide appropriate challenge if we have any concerns that the weakness has not been addressed.

**Appendix 3** provides detail of recommendations that have been extended by management more than six months beyond the original agreed implementation date. There are two Medium recommendation in this area. This has significantly reduced from 7 recommendations reported in our last report.

**Customer Satisfaction** – For each review we ask for feedback on the audit. This year we have received the following CSQ scores:

Audit	Percentage Satisfaction
Lord Meadows Leisure Centre	98%
Development Management	100%
Service Charges	99%

## Value Added

It is important that the internal audit service seeks to "add value" whenever it can. 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.
- Undertaking similar audits across different councils to identify and share good practice, such as current audits of Climate Change being undertaken for North Devon, Torridge and Mid Devon.
- Confirming that core controls continue to be effective despite changing work conditions and current pressure of work.



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.

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## Climate Change

### Reasonable Assurance

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The council is systematically approaching the objective of becoming Net Zero in emissions by 2030. The Environmental Policy Development Group is receiving detailed updates on delivery, and the Cabinet in January 2022 considered a paper on the Budget Options for Climate and Sustainability Investment. The climate change officer and Group Manager are engaging with the council's management team to build on this work to continue to make progress. While we note the positive work underway, it needs to be recognised that achieving the objective will be extremely challenging particularly given limited resources and current technology.

The Action Plan is the most detailed we have seen in detailing out the proposals and initiatives identified to support achievement of the objective, as well as the underlying resources required. Further work is needed to develop and refine it and ensure it is maintained as a "live" document to inform decision making. It also does not currently include the financial savings that some of these proposals may provide, for instance in reduced energy costs and receipts. The detail in the Action Plan should support consideration of those projects that will have the greater carbon saving (based on £ per carbon saving). We have been told that work is underway to incorporate the financial requirements into core financial documents for 2023-24, such as the Mid Term Financial Strategy. We note that Climate objectives are wider than just related to Net Zero and we identify areas for management to consider widening the current focus to include Adaptation (dealing with the impact of the changing climate, on the council as well as the wider area). In that regard, the recent council survey indicating that 90% of those who responded consider it fairly or very important for the council to tackle Climate Change is useful ammunition to support continued council action. We note that this element is also being led by the Devon Climate Emergency, of which the council is a partner.

We have agreed management actions relating to

- Creation of a Risk and Opportunities register.
- Identify and manage key stakeholders through a Climate Communications and Engagement strategy.
- Increasing the range of performance including those related to areas such as engagement, training and communication.

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N= Not yet due 62%  
O = Overdue 38%



## Appendix 3 - Recommendations more than six months beyond original agreed implementation date

Priority	Audit	Recommendation	Management Action	Priority	Original Action Date	Current Planned Date	Latest management update
M	Cyber Security	Windows Powershell Constrained language mode should be enabled to provide an additional layer of protection against malicious activity. Agreed to review.	Review using SCCM and replacing PowerShell scripts used to manage the laptop fleet.	Medium	31/1/22	N/A	This is dependent on completion of infrastructure replacement before NCSC logging made easy can be commissioned.
M	Cyber Security	<p>IT should perform a risk assessment to determine whether Windows Firewall should be enabled on:</p> <ul style="list-style-type: none"> <li>Existing servers where feasible, and</li> <li>On all new server builds as an additional layer of security.</li> </ul>	<p><b>Agreed</b> Review of server build process with added risk assessment to determine the feasibility of enabling Windows Firewall for Tier 0 servers.</p> <p>The IT Operations Manager, once appointed, will be responsible for the fulfilment of this recommendation.</p>	Medium	31/1/22	N/A	Due to supply chain issues the fortigate firewall was delayed impacting on the rollout of the client to the servers. This will be reviewed once infrastructure replacement is completed.