

# Public Document Pack

Mid Devon District Council

## Audit Committee

Tuesday, 19 January 2016 at 5.30 pm  
Exe Room, Phoenix House

Next ordinary meeting  
Tuesday, 15 March 2016 at 5.30 pm

Those attending are advised that this meeting will be recorded

## Membership

Cllr R Evans  
Cllr Mrs J B Binks  
Cllr Mrs C Collis  
Cllr R M Deed  
Cllr T G Hughes  
Cllr F W Letch  
Cllr R F Radford

## 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. **Minutes of the previous meeting** (*Pages 5 - 8*)  
To approve as a correct record the Minutes of the meeting held on 17 November 2015 (copy attached).
4. **Chairman's Announcements**  
To receive any announcements that the Chairman may wish to make.
5. **Presentation from the Internal Audit Team regarding the draft Strategic Audit Plan**  
To receive a presentation from the Internal Audit team members regarding the Internal Audit Plan.

6. **Draft Strategic Audit Plan for 2016/17** (Pages 9 - 16)  
To receive a report from the Internal Audit Team Leader presenting the Draft Strategic Audit Plan for 2016/17 to 2019/20 and the Draft Audit Work Plan for 2016/17.
7. **Internal Audit Progress Report** (Pages 17 - 26)  
To receive a report from the Internal Audit Team Leader updating the Committee on the work performed by Internal Audit for the 2015/16 financial year.
8. **Internal Audit reports (standing item)**  
Committee to discuss any issues arising from any Audit reports they have received since the last meeting. During discussion of this item it **may** be necessary to pass the following resolution to exclude the press and public having reflected on Article 12 12.02(d) (a presumption in favour of openness) of the Constitution. This decision may be required because consideration of this matter in public may disclose information falling within one of the descriptions of exempt information in Schedule 12A to the Local Government Act 1972. The Committee will need to decide whether, in all the circumstances of the case, the public interest in maintaining the exemption, outweighs the public interest in disclosing the information.

## **ACCESS TO INFORMATION ACT – EXCLUSION OF THE PRESS AND PUBLIC**

**RECOMMENDED** that under section 100A(4) of the Local Government Act 1972 the public be excluded from the next item of business on the grounds that it involves the likely disclosure of exempt information as defined in section 100I and paragraph 3 of Part 1 of Schedule 12A of the Act, namely information relating to the financial or business affairs of any particular person (including the authority holding that information).

*(Please note: This is a standing item which may not be needed should discussion have taken place regarding internal audit reports under another item on the agenda)*

9. **Members Motor insurance disclosures**  
To receive a verbal update from the Internal Audit Team Leader regarding Members motor insurance disclosures.
10. **Update on the Annual Governance Statement Action Plan** (Pages 27 - 30)  
To receive a report from the Head of Communities & Governance providing the Committee with an update on progress made against the 2014/15 Annual Governance Statement Action Plan.

11. **External Audit update** (*Pages 31 - 40*)  
To receive a report from Grant Thornton providing a progress report in delivering their responsibilities as the Council's external auditors.
12. **Certification year end letter 2014/15** (*Pages 41 - 44*)  
To receive the Certification year end letter for 2014/15 from Grant Thornton.
13. **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:
  - Four Year Strategic Audit Plan and Work Programme
  - Internal Audit Charter
  - Internal Audit Strategy
  - Risk and Opportunity Management Strategy
  - Code of Corporate Governance
  - Internal Audit Progress Report
  - Internal Audit reports
  - Performance and Risk Quarter 3
  - External Audit update
  - Chairman's Annual Report 2015/16

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

**Jill May**  
Interim Chief Executive  
Monday 11 January 2016

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

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

Members of the public are welcome to attend the meeting and listen to discussion. Lift access to the first floor of the building is available from the main

ground floor entrance. Toilet facilities, with wheelchair access, are also available. There is time set aside at the beginning of the meeting to allow the public to ask questions.

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

Tel: 01884 234310

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

## MID DEVON DISTRICT COUNCIL

**MINUTES** of a **MEETING** of the **AUDIT COMMITTEE** held on 17 November 2015 at 5.30 pm

### **Present**

#### **Councillors**

R Evans (Chairman)  
Mrs C Collis, R M Deed, T G Hughes, F W Letch and  
R F Radford

### **Apology**

#### **Councillor**

Mrs J B Binks

### **Also Present**

#### **Councillor**

P H D Hare-Scott

### **Present**

#### **Officers**

Andrew Jarrett (Head of Finance), Amy Tregellas (Head of Communities and Governance and Monitoring Officer), Catherine Yandle (Internal Audit Team Leader) and Sarah Lees (Member Services Officer)

## 38. **APOLOGIES**

Apologies were received from Councillor Mrs J B Binks.

## 39. **PUBLIC QUESTION TIME**

There were no members of the public present.

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

The Minutes of the previous meeting were confirmed as a true and accurate record and **SIGNED** by the Chairman subject to the following amendments:

- Minute 31, first bullet point under 'Legal Services', the word 'Member' to be inserted after 'elected'.
- Minute 31, last bullet point under 'Insurance' should read 'Staff had to sign a mandate to allow a private company to check that the details of their driving licence were in order'.

## 41. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman had the following announcements to make:

1. He had attended an Audit Committee training course on 21 October 2015 which had been excellent. There had been an impressive speaker named Jason Vaughan who was the Strategic Director for North Dorset District Council, West Dorset District Council and Weymouth & Portland Borough Council. Cllr Radford had attended the same training and was also impressed with Mr Vaughan who was described as having a no nonsense attitude. Cllr Radford had approached him to ask if he could come and speak to Members of this Council and he had said that he would. The Chairman stated that he would follow this up.

2. He had found the budget monitoring briefing for all Members informative and well delivered.
3. He and the Head of Finance would be attending an income generation seminar in London on 1 December 2015.

#### 42. PERFORMANCE AND RISK Q2 (00:07:00)

The Committee had before it, and **NOTED**, a report \* from the Head of Communities and Governance updating it on performance against the Corporate Plan and local service targets for 2015/16 as well as providing an update on the key business risks.

The Internal Audit Team Leader stated that figures had not been available at the time of the agenda despatch for the Managing the Environment Portfolio. Figures had now been received and an update was displayed via the whiteboard to Members of the Committee:

- The number of fixed penalty notices were discussed and the fact that this did not just relate to parking offences but also to such matters as litter offences. This was a difficult area to set a meaningful target for. The most meaningful measure might be to just state how many had been issued.
- Performance indicators would be reviewed as part of the work on the new Corporate Plan.
- It was expected that waste and recycling figures would improve as the new scheme settled down.

Discussion took place regarding the rest of the portfolio areas performance indicators:

- It was confirmed that the 14 affordable homes reported were the ones in St Andrews Street in Tiverton. 30 more Council properties were due to be built at Palmerston Park in Tiverton. A number of planning applications had been approved across the district for more affordable homes but these were still in the very early planning stages.
- Gas safety certificates had expired on 6 properties as at 30 September.
- A survey was conducted every quarter of all the business premises within the towns to ascertain the number of empty shops. It was reported that there was almost 100% occupancy of Council owned business premises.
- The Council was working closely with the Portas Team to improve footfall figures. The Portas Team were focussed on specific projects such as the 'Coopera-tiv' and the 'Creativ' hub which were in empty shops.
- It was noted that the number of major applications to be determined was below target as was listed building consent. The question was asked as to why this was, one of the reasons being that a number of Planning Officers had been on maternity leave at the same time. The Chairman stated that the lack of cover during this period was 'disappointing' and expressed concern regarding any financial penalty that the Council may incur as a result of not meeting national timescales. The Head of Finance stated that to have brought agency staff into the organisation to cover the maternity leave would have involved a significant cost detrimentally affecting the budget. Nevertheless the Chairman requested that the comments raised during the meeting be taken back to the Head of Planning and Regeneration.

- This Committee had approved the Risk and Opportunity Management Strategy that required any risks scoring a '5' on potential impact, such as the risks associated with asbestos, be reported.

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

**43. INTERNAL AUDIT PROGRESS REPORT (00:44:10)**

The Committee had before it, and **NOTED**, a report \* from the Internal Audit Team Leader updating it on the work performed by Internal Audit for the 2010/16 financial year.

She outlined the contents of the report stating that it included the audit opinion for 4 internal audits relating to Payroll, Housing Rents, Grants and Donations and Gifts and Hospitality. She stated that the Council Tax and NNDR internal audit was complete and the Treasury and Cash Collection were almost finished.

There were no overdue outstanding high priority audit recommendations at this time which was mentioned as being an improvement worthy of note. 15% of all recommendations were overdue compared to 39% reported last time.

The Chairman commented that there was still one outstanding action from 2012 in relation to Standby. It was explained that this was to do with risk assessments for Standby Operatives and a decision was awaited on the out of hour's telephone call back procedure before this could be completed.

Overall, progress was being made and required actions were being managed in a far more proactive way.

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

**44. INTERNAL AUDIT REPORTS (STANDING ITEM)**

Discussion regarding internal audit reports had taken place under the previous item. There had been no need to move into Part II.

**45. GRANT THORNTON - ANNUAL AUDIT LETTER (00:51:08)**

The Committee had before it, and **NOTED**, a report \* from Grant Thornton summarising the key findings arising from their work for the year ended 31 March 2015. This included comments in relation to the Financial statements audit (including the audit opinion) and their Value for Money conclusion.

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

**46. GRANT THORNTON - REPORT OF FINANCIAL RESILIENCE (00:53:52)**

The Committee had before it, and **NOTED**, a report from Grant Thornton summarising their findings from the work supporting their Value for Money conclusion. This report complimented their Audit Findings report as presented on 28 July 2015 by providing additional detail on the themes that underpin their Value for Money conclusion.

Discussion took place regarding:

- Staff sickness – there had been a few instances of long term sickness which had the effect of distorting the overall figures which were showing above target. The external auditors had identified this as a potential risk to the organisation. A Member briefing would be held on 1 December 2015 providing more information on this subject.
- Financial planning had improved.
- Member engagement had also improved with a now larger trained Audit Committee.

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

**47. GRANT THORNTON - EXTERNAL AUDIT UPDATE (01:02:49)**

The Committee had before it, and **NOTED**, a \* report from Grant Thornton updating it on the progress made in delivering their responsibilities as the Council's external auditors.

It was hoped that the external audit findings for the 2015/16 financial year would be presented to the Committee in July 2016, two months ahead of the current schedule for the second year running.

Discussion took place regarding a number of Grant Thornton publications:

- Devolution and how councils are progressing with income generation and creating growth. A report would be going to the next Cabinet meeting regarding devolution but it was unlikely that any more detail would be known about business rates.
- Audit Committee effectiveness review, that is, how Members were selected, the skills and training they require and the optimum number on the Committee. The Committee requested that they receive a hard copy of this publication.
- Improving efficiency of Council Tax collection.
- Grant Thornton had been working with the Centre for Public Scrutiny to produce a member training programme.

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

**48. IDENTIFICATION OF ITEMS FOR THE NEXT MEETING (01:24:14)**

In addition to the items already listed in the work programme, the following items were requested to be on the agenda for the next meeting:

- Members Motor insurance disclosures
- Grant Thornton – Grants and Certification report
- Update on the Annual Governance Statement Action Plan
- Update on the Financial Regulations

(The meeting ended at 7.00 pm)

**CHAIRMAN**



## AUDIT COMMITTEE 19 JANUARY 2016

### DRAFT STRATEGIC AUDIT PLAN FOR 2016/17

**Cabinet Member**                      Councillor Peter Hare-Scott  
**Responsible Officer**                Audit Team Leader

**Reason for Report:** To present the Draft Strategic Audit Plan for 2016/17 to 2019/20 and the Draft Audit Work Plan for 2016/17.

**RECOMMENDATION:** The Committee considers the draft audit plans and feeds back any amendments for inclusion in the final Audit Work Plans due to be presented to this Committee on 15 March 2016.

**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 coverage would mean that the Internal Audit Team Leader (IATL) cannot form an opinion as to the effectiveness of MDDC's internal control environment.

**Legal Implications:** Failure to produce a risk based audit plan would cause the Council to be in breach of the Public Sector Internal Audit Standards.

**Risk Assessment:** Without a strategic audit plan to adhere to, the Council is at risk of providing inadequate audit coverage on high-risk areas and no assurance on the control environment.

#### 1.0 Introduction

1.1 The Public Sector Internal Audit Standards require that the IATL prepares a risk based strategic audit plan, which should take account of the adequacy and outcomes of the organisation's risk management, performance management and other assurance processes.

1.2 The IATL and Internal Audit team are intending to do a presentation at the committee meeting to give more information about the process and the matters to be considered in preparing the Audit Work Plans.

#### 2.0 Risk Assessment Process

2.1 The number of available audit days has been allocated using a system of risk analysis. Criteria taken into account include materiality, changes to staff, legislation etc. The plan has also been updated to reflect changing priorities and previous audit report opinions.

2.2 Some areas viewed as high risk e.g. because of potential financial impact or damage to reputation are audited more frequently than the target 4-yearly minimum; these have all been scheduled annually/biennially as relevant.

2.3 Resources are of course finite so, where there are alternative forms of external assurance available, upon which reliance can be placed, these are taken into account in the allocation of time to reduce overlaps and gaps. Examples include QLM report on Leisure Health & Safety (especially the centres' Emergency Action Plans), SWAP on Wessex Home Improvement Loans, EDDC on Devon Home Choice and the work to gain the annual Public Computer Network Compliance Certificate.

2.4 Any weaknesses identified will of course be followed up in subsequent Internal Audit Work to verify that controls have been strengthened.

### **3.0 Core Audits**

3.1 The "High" priority, annual audits remain: Council Tax/NNDR, Income & Cash Collection, Main Accounting System, Housing Benefits, Creditors, Housing Rents, Treasury Management, Payroll, Recovery and ICT Core. Also Trade Waste and Car Park Income scheduled for alternate years.

### **4.0 Systems Audits**

4.1 The frequency of these is determined by the risk assessment. Some are scheduled as annual e.g. Gifts and Hospitality because the Head of Service for Internal Audit is also the Monitoring Officer. Some are biennial e.g. Data Protection and Corporate Health and Safety because of high financial impact and severe reputational damage if there was an incident.

4.2 There were 2 audits postponed from 2015/16, which were both perceived as low risk, these are included in the plan for the 2016/17 financial year. The remaining time has been allocated based on perceived risk to MDDC.

4.3 I am confident that this level of coverage combined with the prioritisation of higher risk audits will be sufficient for me to form an overall annual opinion on the internal control environment.

### **5.0 Other Work**

5.1 The administration of SPAR and the Data Quality assurance checks completed on Committee reports will continue as usual.

5.2 If there is the need for additional work to be done in exceptional circumstances and additional resources are required the IATL will be able to call on the Head of Communities and Governance.

5.3 Fraud and consultancy work will be undertaken as required and resources allow.

### **6.0 Conclusion**

6.1 This report outlines the Draft Annual Internal Audit Work Plan for 2016/17 which is attached at Appendix A and the Strategic four year Audit Plan attached at Appendix B.

- 6.2 The Internal Audit Team are doing a presentation about this plan as a separate item on the agenda to explain the process and the draft Plan itself including the risk assessment process.
- 6.2 The Internal Audit Leader would like feedback about any areas of concern to reflect in the Final Audit Plan to be presented for approval at the March meeting.

**Contact for more Information:** Catherine Yandle, Audit Team Leader

**Circulation of the Report:** Cllr Peter Hare-Scott and Management Team

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## INTERNAL AUDIT WORK PLAN FOR 2016/17 FINANCIAL YEAR

Audit/Task	Number of Days	Quarter 1 Apr to Jun	Quarter 2 Jul to Sept	Quarter 3 Oct to Dec	Quarter 4 Jan to Mar
<b>Core Audits</b>	<b>170</b>				
Council Tax/NNDR/Recovery	35		X	X	
Income and Cash Collection	15		X	X	
Main Accounting System incl deeds testing	25	X	X		
Housing Benefits	20		X	X	
Creditors	15		X	X	
Housing Rents	20		X	X	
Treasury & Cashflow Management	5		X	X	
Payroll	15		X	X	
Car Parking Income/Trade Waste	15		X	X	
ICT Core	5		X	X	
<b>Systems Audits</b>	<b>190</b>				
Data Protection & IS (2-yearly)	10	X			
Sickness and Other Time Off	10	X			
Standby	5	X			
Contract Register & Contracts (2-yearly)	20	X			
Local Land Charges	5	X			
Exe Valley Leisure Centre (incl income and all other areas)	15	X			
Cemeteries & Bereavement Services	5	X			
Voids	5	X			
District Officers	10		X		
Licensing Services	10		X		
Environmental Health Protection	15			X	
Members Allowances	10				X
Gifts & Hospitality/Register of Interests (annual)	5				X
Building Control (incl income and all other areas)	10				X
Street Cleansing & Public Cleaning	5				X
Customer Care/Complaints	10				X
Care Services (Alarm Income)	5				X
Health & Safety Management Arrangements (2-yearly)	10				X
VAT(2-yearly)	10				X
Lettings	5				X
Community Engagement & Consultation	10				X
<b>Corporate Work</b>	<b>50</b>				
Spar	30	X	X	X	X
DAP peer review	5				X
Data Quality Assurance Checks	15	X	X	X	X
<b>Other Work</b>	<b>96</b>				
Fraud/Irregularity/Consultancy/Contingency	96	X	X	X	X
Other Work	146	40	35	35	35
Audit Work	360	85	95	85	95
Completed /started	0				
Scheduled	360	85	95	85	95
Not scheduled yet	0				
	100%	24%	26%	24%	26%

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Audit Code	Audit Area	Year Last Audited	Days 2016/17	Days 2017/18	Days 2018/19	Days 2019/20	TOTAL
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**CORE FINANCIAL AUDITS (- Annual)**

CORE 1	Council Tax and NNDR	2015/16	20	20	20	20	80
CORE 2	Income and Cash Collection	2015/16	15	15	15	15	60
CORE 3	Main Accounting System (including Deeds Testing)	2015/16	25	25	25	25	100
CORE 4	Housing Benefits	2015/16	20	20	20	20	80
CORE 5	Creditors	2015/16	15	15	15	15	60
CORE 6	Housing Rents (including rent arrears)	2015/16	20	20	20	20	80
CORE 7	Treasury and Cashflow Management	2015/16	5	5	5	5	20
CORE 8	Payroll	2015/16	15	15	15	15	60
CORE 9	Recovery	2015/16	15	15	15	15	60
CORE 10	Car Parking Income} alternate years	2014/15	15		15		30
CORE 10	Trade Waste }	2015/16		15		15	30
CORE 11	ICT Core Audit	2015/16	5	5	5	5	20
<b>TOTAL CORE FINANCIAL AUDITS</b>			170	170	170	170	630

**SYSTEMS AUDITS (Risk Based- mainly 4-yearly)****Human Resources (Jill May)**

HUR1	Time Recording System	2014/15			10		10
HUR2	Sickness and Other Time Off	2012/13	10				10
HUR3	Recruitment, Selection	2015/16				5	5
HUR4	Appraisals and Training	2015/16				10	10
HUR5	Travel and Subsistence (incl Pool cars)	2013/14		10			10
HUR6	Standby	2012/13	5				5
HUR7	JE	2015/16			10		10
<b>Human Resources Total</b>			15	10	20	15	60

**Financial Services & Procurement (Andrew Jarrett)**

FIN1	VAT(2-yearly)	2014/15	10		10		20
FIN 2	Insurance(2-yearly)	2015/16		10		10	20
FIN3	Leasing and asset management (Vehicles/Equipment/IT)	2014/15			10		10
FIN4	Procurement (2-yearly)	2015/16		20		20	40
FIN5	Contract Register & Contracts (2-yearly)	2014/15	20		20		40
<b>Financial Services &amp; Procurement Total</b>			30	30	40	30	130

**ICT (Christina Cross)**

ICT1	Telephones - Fixed and Mobile	2014/15			5		5
ICT3	Computer Inventory - hardware and software	2012/13		10			10
ICT4	Data Protection & IS (2-yearly)	2014/15	10		10		20
ICT5	Freedom of Information	2015/16				10	10
ICT6	Gazateer Management - Street Naming & Numbering	2014/15				5	5
ICT7	Local Land Charges	2010/11	5				5
<b>ICT Total</b>			15	10	15	15	55

**Planning (Jenny Clifford)**

PLA1	Building Control (incl income and all other areas)	2012/13	10				10
PLA2	Development Control including enforcement	2013/14		10			10
PLA3	Listed Buildings and Conservation Areas	2015/16				10	10
PLA4	Forward Planning	2013/14			10		10
<b>Planning Total</b>			10	10	10	10	40

**Public Health Services (Jill May)**

PHS1	Environmental Health Commercial	2008/09		15			15
PHS2	Environmental Health Protection	2008/09	15				15
PHS3	Corporate Health & Safety incl Homeworking/Loneworking (2yrs)	2015/16		10		10	20
PHS4	Licensing Services	2012/13	10				10
PHS5	Private Sector Housing	2015/16				10	10
<b>Public Health Services Total</b>			25	25	0	20	70

**Leisure (Jill May) one a year**

LEI1	Exe Valley Leisure Centre (incl income and all other areas)	2012/13	15			15	30
LEI2	Culm Valley Sports Centre (incl income and all other areas)	2015/16			15		15
LEI3	Lords Meadow Leisure Centre (incl income and all other areas)	2014/15		15			15
<b>Leisure Total</b>			15	15	15	15	60

**Legal & Democratic Services (Amy Tregellas)**

L&D1	Members Allowances	2011/12	10				10
L&D2	Gifts & Hospitality/Register of Interests (annual)	2015/16	5	5	5	5	20
L&D3	Legal Services	2015/16			10		10
<b>Legal &amp; Democratic Total</b>			15	5	15	5	40

Audit Code	Audit Area	Year Last Audited	Days 2016/17	Days 2017/18	Days 2018/19	Days 2019/20	TOTAL
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**Street Scene (Andrew Jarett)**

SSS1	Refuse & Recycling (2 yearly)	2015/16		20		20	40
SSS2	Vehicles & Fuel (including inventory & maintenance)	2015/16			20		20
SSS3	District Officers	2011/12	10				10
SSS4	Street Cleansing & Public Cleaning		5				5
<b>Street Scene Total</b>			15	20	20	20	75

**Customer Services (Liz Reeves)**

CSE1	Customer Care/Complaints	2012/13	10				10
CSE2	Electronic payments/online forms/social media	2015/16		10		10	20
<b>Customer Services Total</b>			10	10	0	10	30

**Housing & Property Services (Nick Sanderson)**

HPS1	Care Services (Alarm Income)	2010/11	5				5
HPS2	Repairs and Maintenance	2014/15			20		20
HPS3	Stores	2015/16				10	10
HPS4	Health & Safety Management Arrangements incl Estate Inspections (2-yearly)	2014/15	10		10		20
HPS5	Emergency Planning (also Business Continuity Planning) (2yrs)	2015/16		10		10	20
HPS6	Cemeteries & Bereavement Services		5				5
HPS7	Grounds Maintenance (Parks & Open Spaces)	2013/14		10			10
HPS8	Voids Management Arrangements	2009/10	5				5
HPS9	Lettings	2011/12	5				5
HPS10	Housing Homeless Persons	2013/14		10			10
HPS11	Service Charges	2015/16				10	10
HPS12	Electoral Registration & Elections	2013/14		10			10
<b>Housing &amp; Property Services Total</b>			30	40	30	30	130

**Economic & Community Development (Amy Tregellas)**

CDE1	Grants, subscriptions & donations	2015/16				10	10
CDE2	Community Engagement & Consultation		10				10
CDE3	Economic Regeneration	2014/15			10		10
CDE4	Markets	2014/15		10			10
<b>Economic &amp; Community Development Total</b>			10	10	10	10	40

**SYSTEMS AUDITS TOTAL**

190	185	175	180	730
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**ASSURANCE WORK**

	Data Quality Assurance Checks		15	15	15	15	60
	DAP peer review		5	5	5	5	20
	Spar		30	30	30	30	120
<b>Assurance Work Total</b>			50	50	50	50	200

**OTHER WORK**

	Fraud/Irregularity/Consultancy/Contingency		96	101	111	106	413
<b>Other Work Total</b>			96	101	111	106	413

<b>SUMMARY</b>							
<b>Available Audit Days</b>			<b>506</b>	<b>506</b>	<b>506</b>	<b>506</b>	
Core Systems			170	170	170	170	
Systems Audits			190	185	175	180	
Assurance Work			50	50	50	50	
Other Work			96	101	111	106	
<b>TOTAL</b>			<b>506</b>	<b>506</b>	<b>506</b>	<b>506</b>	



## AUDIT COMMITTEE 19<sup>TH</sup> JANUARY 2016

### INTERNAL AUDIT PROGRESS REPORT

**Cabinet Member**                      Cllr Peter Hare-Scott  
**Responsible Officer**                Audit Team Leader

**Reason for Report:** To update the Committee on the work performed by Internal Audit for the 2015/16 financial year.

**RECOMMENDATION(S):** The Committee notes the contents of this report.

**Relationship to Corporate Plan:** Effective Internal Audit plays a fundamental role in assisting the Council to deliver its corporate plan.

**Financial Implications:** None arising from the report

**Legal Implications:** None arising from the report

**Risk Assessment:** The role of Internal Audit is providing assurance that the risk management and internal control framework are operating effectively.

#### 1.0 Introduction

1.1 The four-year strategic audit plan for 2015/16 to 2018/19 and annual work plan for 2015/16 were presented to the Audit Committee at its meeting on 24 March 2015, where they were approved.

1.2 The purpose of this report is to provide the Committee with a progress report on performance against the 2015/16 Internal Audit work plan for the period from 1 April 2015 to 31 December 2015.

#### 2.0 Progress to date and scope of audit activities

2.1 The Audit Plan is split into the following sections:

- Core Audits
- Systems Audits
- Other Work (including fraud/ irregularity/ consultancy/contingency)

#### 2.2 Core Audits

2.2.1 The Core Audits are given priority as they either cover the Council's key financial controls or the level of income is material in the context of the Council's annual accounts. These audits are allocated a larger number of days, as part of the risk based audit planning process, so they are carried out annually. Trade Waste and Car Park Income are carried out biennially for the same reason; this year we are due to do Trade Waste (in January).

2.2.2 As at the end of December 7 Core audits for 2015/16 have been completed; Housing Rents, Ctax/NNDR & Recovery, Creditors, Treasury Management, Income & Cash Collection and Housing Benefits, the opinions for 5 of these are included in section 3 below.

2.2.3 Recovery was included with Ctax/NNDR this year as there is so much overlap with these audits and Income & Cash Collection.

2.2.4 The last 3 Core Audits; ICT Core, Main Accounting and Trade Waste will be reported on at the final Audit Committee for 2015/16 on 15 March 2016.

### 2.3 Systems Audits

2.3.1 Systems Audits have been completed for Emergency Planning, Vehicles & Fuel, Listed Buildings & Conservation, Recruitment, Selection & JE, Legal Services, Culm Valley Sports Centre, Insurance, Grants & Donations and Gifts & Hospitality.

2.3.2 Systems work will re-commence in January with Freedom of Information and Appraisals & Training.

### 2.4 Other Work

2.4.1 The Internal Audit team report on performance and risk using the Spar system and present the quarterly corporate performance and risk reports to PDGs and Committees. The 2 Auditors attended PDGs in November in preparation for them taking over the reporting to 2 of the PDGs in March 2016.

2.4.2 Data quality checks are carried out on committee and other reports as requested. Tender documents have been verified as usual.

2.4.3 The Audit Team have assisted with 1 investigation and sat on 2 job evaluation panels so far this year. The annual appraisals are all completed and training needs reviewed.

2.4.4 The Audit Team Leader attends the Corporate Health & Safety Committee as Risk Advisor. The 2 Auditors attend the ICT and Procurement User groups.

2.4.5 The Audit Team Leader attended a 4 day Institute of Internal Auditors (IIA) course on Information Systems Auditing.

2.4.6 One Auditor has completed an IIA Certificate in Internal Audit and Business Risk, the other a distance learning course from Petroc College about Team Leading.

### 2.5 Performance Indicators

2.5.1 As at the end of December 2015 the Internal Audit PIs are as follows:

	Current	Target
Core	91%	100%
System	45%	45%

2.5.2 Nine post-audit surveys were sent out, six have been returned, and were scored by the client as 4-5 for all questions meaning they were satisfied or very satisfied with the process.

### 3.0 Audit Opinions

The following opinions have been issued since the last report:

#### 3.1 Council Tax/NNDR & Recovery

3.1.1 There are areas within Council Tax/NNDR and the Recovery section that are well run; in addition, collection rates are very good. The Revenues Manager carries out a monthly reconciliation between the Northgate system and AIM to ensure that all income is accounted for accurately and consistently between the two systems. There is a good process for monitoring and chasing of non-payers and missed payments and this is followed very well by staff who address issues as quickly as possible. There is also adequate separation of duties in place.

3.1.2 However areas where attention is required are

- that the valuation alteration and amendments need to be carried out in line with the recommended 5 working days of the download being available.
- proof of posting annual bills needs to be more accurate to ensure that we are able to easily prove posting in court.
- reports of outstanding debt/bad need to be more meaningful for Managers and Managers need to view the report as a useful tool and act where necessary to obtain outstanding debt or resolve ongoing issues.
- Users seem to have the appropriate access to the Northgate system but there are a couple of users where access needs to be removed.

3.1.3 The Council Tax and NNDR section are currently going through a restructure so are in the process of change. Some of the areas highlighted as an area of improvement will hopefully be addressed with the implementation/finalisation of the new structure.

3.1.4 It is the overall opinion of the auditor that the Revenues system is poorly controlled at present. This is partly because recommendations have been escalated to the Head of Service due to the fact that they have been carried forward for a number of years, once these are resolved the service will be at least adequate.

Summary of Recommendations		
High	Medium	Low
0	6	0

## 3.2 Treasury Management

- 3.2.1 It is evident that Treasury Management is well managed with due regard to the security of the Council's financial assets, but also trying to improve upon the rate of return on investments as reported in the Annual Treasury Report 2014/15 presented to Cabinet on 4 June 2015. The Accountant and Head of Finance actively look for better (but safe investment opportunities) however there is always some remaining level of risk with investments.
- 3.2.2 On 30 July 2015 Cabinet agreed to the Investment Strategy being varied to allow up to £2.5M to be invested with the CCLA commercial property fund which has had an average return of over 4% for the last 3 years compared to the bank rate of 0.5% for the last 6 years and our return of 0.64% for 2014/15. This was duly done from 1 September 2015.
- 3.2.3 It is the overall opinion of the auditor that Treasury Management is well controlled.

Summary of Recommendations		
High	Medium	Low
0	1	0

## 3.3 Creditors

- 3.3.1 The Creditors section continues to be proactive in keeping the payment of suppliers within terms. One recent improvement in the payment process is that the supplier statements are now regularly monitored to ensure that all invoices have been received. Where there are any missing invoices, duplicates are requested from the supplier to ensure that payments are not late. In the first 6 months of 2015/16, the Creditors section has paid 99.57% of invoices within terms, above the target set of 97.5%, which is excellent.
- 3.3.2 There are 3 recommendations which refer to the process before the invoice actually reaches the Creditors section for payment. So these need to be reinforced via the Procurement User Group. The other recommendation relates to a Housing Service procedure.
- 3.3.3 It is the overall opinion of the auditor that the Creditor payments system is well controlled.

Summary of Recommendations		
High	Medium	Low
0	4	0

## 3.4 Income & Cash Collection

- 3.4.1 There are a number of areas within the cash receipting process that are well controlled, including the promptness and accuracy of invoicing by the Debtors section. However, service departments are still raising invoice instructions after the service has been provided. This increases the risk that the debt may not be paid although the service has been delivered.

The cash receipting process is also very good and extremely accurate.

- 3.4.2 One area of weakness identified is the procedure for topping up the hoppers in the kiosk. At present the topping up of hoppers is done on an ad hoc basis rather than being replenished in full on a daily basis.
- 3.4.3 The price list for the external hire of the meeting rooms in Phoenix House has not been reviewed since 2012, and the responsibility for booking meeting rooms is currently managed by Member Services. The Head of Housing was due to review the prices, although this has not yet been addressed. It would seem prudent for the responsibility for room hire be transferred to the Estates section to manage and also to raise the invoices and utilise the meeting room space more to generate extra income for the Council, where possible.
- 3.4.4 It is the overall opinion of the auditor that there are elements of the Cash Receipting system that are well controlled, and other elements of the invoicing which are adequately controlled.

Summary of Recommendations		
High	Medium	Low
0	4	0

### 3.5 Housing Benefits

3.5.1 Most of the areas of the Housing Benefit section are well managed, these being:

- Reconciliation and provision against bad debt.
- Debts are regularly monitored and written off at the point where collection is unlikely or uneconomical.
- There is a good process to monitor and chase overpayments making use of the workflow system.

3.5.2 There are a few areas of weakness which need to be addressed:

- Invoices are saved in line with the document retention policy. However, they are saved on the S drive at present but it would be more consistent for them to be saved to DMS.
- NFI is a mandatory requirement that is not currently being fully carried out.

3.5.3 It is the overall opinion of the auditor that the Housing Benefit system is well controlled.

There were no recommendations on this audit.

### 4.0 Conclusion

4.1 We will continue to monitor and report on our progress at each Audit Committee meeting.

- 4.2 Outstanding audit recommendations are summarised at Appendix 1. Since the last progress report 13 recommendations have been added to SPAR. 15% of all recommendations are overdue the same as at the end of October 2015.
- 4.3 The Chairman of the Audit Committee requested that service managers be reminded about the number of outstanding medium priority core audit recommendations; this was done before the November meeting and significant inroads made bringing the number of overdue recommendations down from 39% in September. Where there are insurmountable issues making achieving targets impossible then managers needed to bring these issues to the attention of the Chief Executive.
- 4.4 High Priority deadlines may only be extended with the Audit Committee's agreement. None have been made since the last meeting and none became overdue so there are no overdue high priority recommendations again this time and therefore no Appendix 2.
- 4.5 As reported at the last meeting the Internal Audit Work Plan has had a little slippage with the Core audits still being below and the System audits on target. It is now necessary to delay a couple of the smaller, lower risk System audits i.e. Voids and Cemeteries, please note the revised work plan at Appendix 3.
- 4.6 Both the delayed audits will be picked up in 2016/17 with the Committee's agreement. The draft Internal Audit Work Plan for 2016/17 is a separate item on this agenda.

**Contact for more Information:** Catherine Yandle, Audit Team Leader, x4975

**Circulation of the Report:** Management Team and Cllr Peter Hare-Scott

**List of Background Papers:** None

Incomplete Audits	Year	Recommendations									Total		
		High			Medium			Low			C	N	O
		C	N	O	C	N	O	C	N	O			
Car Park Income	2014	1			6		1				7	0	1
Contracts	2014		1					2		1	2	1	1
Contracts	2014				4	4					4	4	0
Contracts	2015					2					0	2	0
Creditors	2015				1	3					1	3	0
Customer Care - Complaints	2013				4	1		4			8	1	0
Data Protection	2014	3			2	1	1				5	1	1
Emergency Planning	2015				1	1			2	1	1	3	1
Gifts & Hospitality	2015						3		1		0	1	3
Grants & donations	2015		1								0	1	0
Homelessness	2013						1	2			2	0	1
Housing Benefits	2014				1		1				1	0	1
Housing H & S Management	2014	2				2		3			5	2	0
Housing Rents	2015				1	4					1	4	0
Housing Repairs & Maintenance	2014				2	1	1	2			4	1	1
ICT Core	2014	1			2	1	2			3	3	1	5
Income & Cash Collection	2015				1	3					1	3	0
Insurance	2015				2	2			1		2	3	0
Legal Services	2015				2		2				2	0	2
Leisure CVSC	2015				3	3					3	3	0
Listed Buildings & Conservation	2015				2						2	0	0
Payroll	2013				2	1		2			4	1	0
Payroll	2014				3	2					3	2	0
Payroll	2015		1			3	2		1		0	5	2
Procurement	2013		1		2	1		2			4	2	0
Recovery	2014					1					0	1	0
Recruitment & Selection & JE	2015				6	1		3	2		9	3	0
Standby	2012				3		1				3	0	1
Time Recording	2014				6		3				6	0	3
Tiverton Pannier Market	2014				7		2	2			9	0	2
Trade Waste	2013				5		1	6	1	1	11	1	2
Treasury Management	2015					1					0	1	0
Vehicles & Fuel	2015	5			4	2	1				9	2	1
		12	4	0	72	40	22	28	8	6	112	52	28

CORE  
SYSTEM

C = Completed 58%  
N = Not yet due 27%  
O = Overdue 15%

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## INTERNAL AUDIT WORK PLAN FOR 2015/16 FINANCIAL YEAR

Audit/Task	Number of Days	Quarter 1 Apr to Jun	Quarter 2 Jul to Sept	Quarter 3 Oct to Dec	Quarter 4 Jan to Mar
<b>Core Audits</b>	<b>170</b>				
Council Tax/NNDR/Recovery	35		X	X	
Income and Cash Collection	15			X	
Main Accounting System incl deeds testing	25			X	
Housing Benefits	20			X	
Creditors	15			X	
Housing Rents	20		X		
Treasury & Cashflow Management	5			X	
Payroll	15		X		
Car Parking Income/Trade Waste	15				X
ICT Core	5			X	
<b>Systems Audits</b>	<b>200</b>				
Listed Buildings & Conservation Areas	10	X			
Grants, Subscriptions & donations	10	X			
Vehicles & Fuel (including inventory & maintenance)	10	X			
Emergency Planning	10	X			
Legal Services	10	X			
Leisure (Culm Valley)	15	X			
Recruitment, Selection and JE	10	X			
Insurance/VAT	10		X		
Gifts & Hospitality/Register of Interests (annual)	5			X	
Appraisals and Training	10				X
Freedom of Information	10				X
Corporate Health & Safety incl Homeworking/Loneworking (2yrs)	10				X
Private Sector Housing	10				X
Procurement/Contracts	20				X
Electronic payments/online forms	10				X
Voids	5				X
Refuse & Recycling (2 yearly)	20				X
Service Charges	5				X
Cemeteries & Bereavement Services	5				X
Stores	5				X
<b>Corporate Work</b>	<b>50</b>				
Spar	30	X	X	X	X
DAP peer review	5				X
Data Quality Assurance Checks	15	X	X	X	X
<b>Other Work</b>	<b>85</b>				
Fraud/Irregularity/Consultancy/Contingency	85	X	X	X	X

Completed /started	245	75	65	105	
Scheduled	115				115
Not scheduled yet	10				10
	100%	20%	18%	28%	34%

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## AUDIT COMMITTEE 19 JANUARY 2016

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

**Cabinet Member**                      Cllr Clive Eginton  
**Responsible Officer**                Head of Communities & Governance

**Reason for Report:** To provide the Committee with an update on progress made against the 2014/15 Annual Governance Statement Action Plan.

**RECOMMENDATION(S):** The Committee note the progress update and request that progress against any outstanding actions be reported to their next meeting on the 15 March 2016.

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

**Financial Implications:** None.

**Legal Implications:** None.

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

#### 1.0 Introduction







- 1.1 The purpose of this report is to provide Members of the Committee with an update on the progress that has been made against the actions in the Annual Governance Statement action plan.
- 1.2 The action plan is attached as Appendix A and progress updates have been noted on the document.
- 1.3 The next update of any outstanding recommendations will be presented to the Committee at their meeting on 15 March 2016.




**Contact for more Information:** Amy Tregellas  
Head of Communities and Governance ext 4246

**Circulation of the Report:** Management Team and Cllr Clive Eginton

**List of Background Papers:** None

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	Action	Target Date / Responsible Officer	Progress Update	Status
<b>Corporate and Business Planning</b>				
1	Review the Corporate Plan to achieve the “Golden Thread” by building in strategic objectives that reflect our statutory duties as well as social duties and aspirations	End November 2015 Head of Communities and Governance	The Corporate Plan has been reviewed and drafted for 2016-2020. The draft Corporate Plan is currently out for public consultation and will be going back to the Cabinet on the 11 <sup>th</sup> February 2016 and on to Council on the 24 <sup>th</sup> February 2016	
2	Include organisational “values” and Cabinet Member “pledges” in the next update of the Corporate Plan	End November 2015 Head of Communities and Governance	Liaison with the Cabinet has taken place during the process to ensure that their ‘pledges’ have been included.	
3	Develop a Council mission statement to provide direction for staff	End November 2015 Management Team	A Council vision has been included in the plan and this is now out for consultation	
4	Include a communication strategy (internal and external) of the Corporate Plan in its next revision including a diagram depicting the reporting structure against the Corporate objectives. This will include the approach to internal communications i.e. visiting team meetings to get input and workshops at Senior Officers Forum	End June 2015 Head of Communities and Governance	Completed and this plan has been followed for the internal and external public consultation which is ongoing until the 29 <sup>th</sup> January	
5	As part of the work on the Corporate Plan complete a risk assessment on the corporate priorities and objectives	End January 2016 Head of Communities and Governance	In progress and due to be completed by the end January 2016.	
<b>Performance and Risk Management</b>				
6	Following the implementation of the new Corporate Plan and for the Service Business Plans for 2016/17 ensure that there is an up to date risk assessment completed	End March 2016 Head of Communities and Governance	Business plans to be drafted by Service Managers based on the Corporate Plan and they are to be presented to Management Team by the end of March	

Key:  = on target or completed  = action started but target date slippage  = action not commenced & way off target

7	Complete the final section of the Emergency Plan – the recovery section	End March 2016 Community Safety and Emergency Planning Officer		Date not yet due
<b>Constitution and Members</b>				
8	Complete the work on the revised Constitution and then present it to the Standards Committee and Full Council for approval	End September 2015 Monitoring Officer	Work on the Constitution has now been completed following some slippage and will be going back to Council on either 27 <sup>th</sup> January (if the special meeting goes ahead) or on the 24 <sup>th</sup> February 2016	
9	As part of the work of the Constitution working group produce job descriptions for Councillors i.e. a general job description for councillors and specific job descriptions for Cabinet Members and Committee Chairmen	Completed subject to approval of the Constitution Monitoring Officer	Completed	
10	Following approval by Full Council communicate key changes in Constitution to Officers and Members including training sessions for those officers who require a specialist knowledge	By end December 2015 Monitoring Officer	As the Constitution is only going to Full Council on the 27 <sup>th</sup> January or 24 <sup>th</sup> February there will be some slippage on this target – revised target date is end March 2016	
11	Review and update the complaints process for complaints about Councillors and present to the Standards Committee for approval	End September 2015 Monitoring Officer	There is slippage with this target and it is proposed that this will now be taken to a Standards Committee meeting in February – revised target date is end February 2016	
<b>Staff</b>				
12	Complete a staff survey	End October 2015 Head of HR and Development	The staff survey was completed in September. Following on from this feedback sessions have been held for staff to attend and all Heads of Service have been asked to share the results with their staff. An action plan is currently being worked on by HR and Unison.	
13	Review and update the Officers Code of Conduct as part of the review of the Constitution	Completed subject to approval of the Constitution Monitoring Officer	Completed	

Key: = on target or completed = action started but target date slippage = action not commenced & way off target

# Audit Committee Update

## Mid Devon District Council

Year ended 31 March 2016

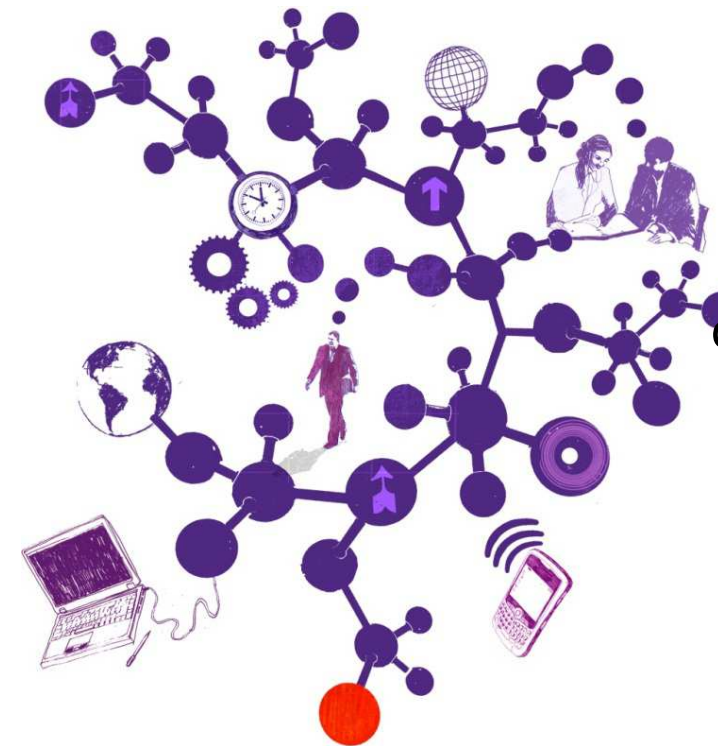
19 January 2015

Page 31

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Agenda Item 11.

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.



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# Contents

<b>Section</b>	<b>Page</b>
Introduction	X
Progress at January 2016	X
The 2015/16 Audit	X
Emerging issues and developments	
Grant Thornton	X
Local government issues	X
Accounting and audit issues	X

Page 33

# Introduction

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

- a summary of emerging national issues and developments that may be relevant to you; and
- a number of challenge questions in respect of these emerging issues which the Committee may wish to consider.

Members of the Audit Committee can find further useful material on our website [www.grant-thornton.co.uk](http://www.grant-thornton.co.uk), where we have a section dedicated to our work in the public sector (<http://www.grant-thornton.co.uk/en/Services/Public-Sector/>). Here you can download copies of our publications including:

- Making devolution work: A practical guide for local leaders
- Spreading their wings: Building a successful local authority trading company
- Easing the burden, our report on the impact of welfare reform on local government and social housing organisations
- All aboard? our local government governance review 2015

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

Geraldine Daly	Engagement Lead	M 07500 783992	<a href="mailto:geri.n.daly@uk.gt.com">geri.n.daly@uk.gt.com</a>
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# Progress at 31 December 2015

Work	Planned date	Complete?	Comments
<p><b>2015-16 Accounts Audit Plan</b></p> <p>We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2014-15 financial statements.</p>	January 2016 to March 2016.	No	Audit plan will be presented to the March Audit Committee.
<p><b>Interim accounts audit</b></p> <p>Our interim fieldwork visit includes:</p> <ul style="list-style-type: none"> <li>• updating our review of the Council's control environment</li> <li>• updating our understanding of financial systems</li> <li>• review of Internal Audit reports on core financial systems</li> <li>• early work on emerging accounting issues</li> <li>• early substantive testing</li> <li>• proposed Value for Money conclusion.</li> </ul>	January to March 2016.	No	The findings from our interim audit will be reported to the March Audit Committee.
<p><b>2015/16 final accounts audit</b></p> <p>Including:</p> <ul style="list-style-type: none"> <li>• audit of the 2015/16 financial statements</li> <li>• proposed opinion on the Council 's accounts.</li> </ul>	June to July 2016.	No	We intend to report our findings and give our audit opinion to the July Audit Committee.

## Progress at 31 December 2016 (continued)

Work	Planned date	Complete?	Comments
<p><b>Value for Money (VfM) conclusion</b></p> <p>The scope of the work to reach a value for money conclusion for 2015/16 has now been determined by the National Audit Office (NAO).</p> <p>The NAO issued a consultation document which sought views on the proposed guidance to auditors in relation to their statutory duty to be satisfied that audited bodies have proper arrangements in place to secure economy, efficiency and effectiveness (value for money - VFM) in the use of resources.</p>	January to July 2016.	Not yet due.	We await further guidance on the Audit approach and will inform you and Management on the changes to our work.
<p><b>Certify the Council's WGA accounts</b></p>	August 2016.	Not yet due.	As the deadline for the Council's submission is likely to be July 2016, we will plan our work for August.
<p><b>Grant claims and certification.</b></p> <p>We anticipate that we will be required to certify the Council's 2015/16 Housing benefit and council tax subsidy claim.</p>	June 2016 to November 2015.	Not yet due.	The work on the 2015/16 claim will be carried out between June 2016 and November 2016.

# Growing healthy communities: The Health and wellbeing index

## Grant Thornton market insight

Our Place Analytics team reveals how collaboration between local authority stakeholders can help address health quality determinants (social, economic and environmental) and result in improved health outcomes (quality of lifestyle and health conditions).

It has long been recognised that the health of a population is strongly linked to the circumstances in which people live. Our index assesses 33 key health determinants and outcomes of health for the 324 English local authorities, to provide a coherent, national story on health and wellbeing. It highlights the scale and nature of inequality across the country and reiterates the need for a local, place-based approach to tackling health outcomes.

The purpose of this report is to help stakeholders – NHS providers and clinical commissioning groups (CCGs), local authorities, health and social care providers, housing associations, fire authorities and the police – to improve collaboration through a better understanding of the correlation between the economic, social and environmental health determinants and the health outcomes within their locality. It includes a concluding checklist of questions to help facilitate discussions in the light of joint service needs assessments.

The data behind the index also allows segmentation which reveals areas around the country with similar health determinants, but better outcomes. This underscores the need to work in collaboration with peers that may not be 'next door' if there is an opportunity to learn from 'others like us'.

Our report, Growing healthy communities: Health and Wellbeing Index, can be downloaded from our website: <http://www.grantthornton.co.uk/globalassets/1.-member-firms/united-kingdom/pdf/publication/2015/growing-healthy-communities-health-and-wellbeing-index.pdf>

Hard copies of our report are available from your Engagement Lead and Audit Manager



# Emerging issues and developments

## Innovation in public financial management

In December 2015 we issued our report '*Innovation in public financial management*' which can be found [here](#).

This report, which drew on a survey of almost 300 practitioners worldwide, also includes insights from experts at the International Consortium on Governmental Financial Management (ICGFM) and the Massachusetts Institute of Technology's Centre for Finance and Policy.

The report is the latest in a decade-long series jointly published by Grant Thornton and the ICGFM and it covers four major topics that, globally, will impact on the future of public financial management:

**Changing practices.** Our research showed that the biggest issue ahead will be finding the political commitment to support more difficult innovations on the agenda – such as increasing public engagement.

**The right PPP formula.** 90% of respondents felt that substantial investment in infrastructure was required to drive economic growth. In this age of austerity, most governments are also seeking ways to attract outside investment – with the majority using some form of public-private partnership (PPP). Many countries remain inexperienced with such arrangements and the results of their application have been mixed. There has been little improvement since our 2011 survey, which shows that it takes a long time to develop the requisite skills and experience to make PPPs work.

**Transparency with technology.** Public financial managers are convinced of the importance of enhancing transparency and most are trying to be innovative in this area. However, most are using outdated digital tools. Fewer than half use social media to enhance openness. Even among the best, most transparency efforts are focussed on releasing data sets than data insights.

**The new normal.** Public financial management remains weighed down by the effects of the global financial crisis, but respondents also focussed on important developments since 2008, such as the Eurozone problems and the collapse of commodity prices. This suggests that public financial management is having to come to terms with not just the lessons one major financial crisis, but with how governments can live with less over the long term.





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10 December 2015

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Dear Andrew

## **Certification work for Mid Devon District Council for year ended 31 March 2015**

We are required to certify one return submitted by Mid Devon District Council (the Council). This certification takes place by 30 November and represents a final but important part of the process to confirm the Council's entitlement to funding.

The Local Audit and Accountability Act 2014 gave the Secretary of State power to transfer Audit Commission responsibilities to other bodies. Public Sector Audit Appointments (PSAA) have taken on the transitional responsibilities for HB COUNT issued by the Audit Commission in February 2015

We have certified one claims and return for the financial year 2014/15 relating to expenditure of £19.1 million. Further details of the claims certified are set out in Appendix A.

There are no issues arising from our certification work which we wish to highlight for your attention. We are satisfied that the Council has arrangements to compile the return accurately and in a timely manner for audit certification. We are satisfied that any recommendations raised in previous years have been addressed.

The indicative fee for 2014/15 for the Council is based on the final 2012/13 certification fees, reflecting the amount of work required by the auditor to certify the claims and returns in that year. Fees for schemes no longer requiring certification under the Audit Commission regime (such as the national non-domestic rates return and pooling housing capital receipts return) have been removed. The indicative scale fee set by the Audit Commission for the Council for 2014/15 is £9,210. This is set out in more detail in Appendix B.

Yours sincerely

For Grant Thornton UK LLP

**Appendix A - Details of Housing Benefit returns certified for 2014/15**

<b>Claim or return</b>	<b>Value (£)</b>	<b>Amended?</b>	<b>Amendment (£)</b>	<b>Qualified?</b>	<b>Comments</b>
Housing benefits subsidy claim	£19,081	No	0	Yes	Our qualification letter included one issue that we identified in relation to underpaid benefits as a result of incorrect calculations of claimants' weekly student loan income. The error was confined to the number of weeks in the academic year used in the calculation resulting in overstated income. As there is no eligibility to subsidy for benefit which has not been paid, the underpayments identified do not affect subsidy.

**Appendix B: Fees for 2014/15 Housing Benefit certification work**

Claim or return	2013/14 fee (£)	2014/5 Indicative fee (£)	2014/15 actual fee (£)	Variance (£)	Explanation for variances
Housing benefits subsidy claim (BEN01)	9,890	9,210	9,210	0	None
Capital receipts return (CFB06)	404	n/a	n/a	n/a	n/a
	<b>10,294</b>	<b>9,210</b>	<b>9,210</b>	<b>0</b>	

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