

Public Document Pack

Mid Devon District Council

Audit Committee

Tuesday, 24 January 2017 at 5.30 pm
Exe Room, Phoenix House, Tiverton

Next ordinary meeting
Tuesday, 21 March 2017 at 5.30 pm

Those attending are advised that this meeting will be recorded

Membership

Cllr R Evans (Chairman)
Cllr Mrs J B Binks
Cllr Mrs C Collis
Cllr R M Deed
Cllr T G Hughes
Cllr R F Radford
Cllr L D Taylor

A G E N D A

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

1. Election of Vice Chairman

To elect a Vice Chairman for the remainder of the municipal year 2016/17.

2. Apologies

To receive any apologies for absence.

3. Public Question Time

To receive any questions relating to items on the Agenda from members of the public and replies thereto.

4. Minutes of the previous meeting (Pages 5 - 10)

To approve as a correct record the Minutes of the meeting held on 22 November 2016 (copy attached).

5. **Chairman's Announcements**

To receive any announcements that the Chairman may wish to make.

6. **Internal Audit Options from 2017/18** (Pages 11 - 68)

To receive a report from the Internal Audit Team Leader summarising the options MDDC has for Internal Audit provision going forwards.

7. **Progress update on the Annual Governance Statement Action Plan** (Pages 69 - 74)

To receive a report from the Internal Audit Team Leader providing the Committee with an update on progress made against the 2015/16 Annual Governance Statement Action Plan.

8. **Internal Progress Report** (Pages 75 - 82)

To receive a report from the Audit Team Leader updating the Committee on the work performed by Internal Audit for the 2016/17 financial year.

9. **Internal Audit Reports**

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 the

previous item on the agenda)

10. **Performance and Risk** *(Pages 83 - 110)*

To receive a report from the Director of Corporate Affairs & Business Transformation providing Members with an update on performance against the Corporate Plan and local service targets for 2016-17 as well as providing an update on the key business risks.

11. **Arrangements for the appointment of External Auditors from 2017/18** *(Pages 111 - 120)*

To receive a report from the Director of Finance, Assets and Resources regarding whether to recommend to full Council to opt in to the Public Sector Led Body to appoint external auditors for five years from 2018/19.

12. **External Audit progress report and update** *(Pages 121 - 138)*

To receive a report from Grant Thornton providing an update on progress in delivering their responsibilities as the Council's external auditors.

13. **Grants Certification report** *(Pages 139 - 142)*

To receive a report from Grant Thornton.

14. **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:

- Internal Audit Strategy
- Risk and Opportunity Management Strategy
- Performance and Risk
- Four Year Strategic Audit Plan and Work Programme
- Code of Corporate Governance
- Internal Audit Progress Report
- Internal Audit Charter
- External Audit update and progress report
- Chairman's annual report for 2016/17

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

Stephen Walford
Chief Executive
Monday 16 January 2017

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

MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **AUDIT COMMITTEE** held on 22 November 2016 at 5.30 pm

Present

Councillors

R Evans (Chairman)
Mrs C Collis, T G Hughes, B A Moore, R F Radford,
Mrs J Roach and L D Taylor

Apologies

Councillors

Mrs J B Binks and R M Deed

Also in

Attendance

S Johnson (Grant Thornton)

Present

Officers

Stephen Walford (Chief Executive), Jill May (Director of Corporate Affairs and Business Transformation), Catherine Yandle (Internal Audit Team Leader), Andrew Cawdron (Finance Manager) and Sarah Lees (Member Services Officer)

49. **Apologies**

Apologies were received from Cllr Mrs J B Binks who was substituted by Cllr B A Moore and from Cllr R M Deed who was substituted by Cllr Mrs J Roach.

50. **Public Question Time**

There were no members of the public present.

51. **Chairman's Announcements**

The Chairman had the following announcements to make:

- He welcomed Cllr L Taylor to his first meeting. Cllr Taylor had replaced Cllr F W Letch on the Committee.
- As Chairman of the Committee he had attended a seminar run by Grant Thornton where it had been suggested that it was good practice for the Chairmen of Audit Committees to meet regularly outside of committee meetings with internal audit leads and the local authority's external auditors. This was not to go through the detail of reports coming to committee but to have a general catch up and to be kept up to date on current issues.

52. **Minutes of the previous meeting**

The minutes of the meeting held on 20 September 2016 were approved as an accurate record and **SIGNED** by the Chairman.

53. Meeting management

The Chairman stated that as the Chief Executive had not yet arrived to the meeting the next item of business would be item 6, Performance and Risk.

54. Performance and Risk for the second quarter of 2016-17 (00:04:40)

The Committee had before it, and **NOTED**, a report * from the Director of Corporate Affairs & Business Transformation providing it with an update on performance against the Corporate Plan and local service targets for 2016-17 as well as providing an update on the key business risks. The Internal Audit Team Leader stated that the colours within the report had now been amended so that the differences between them were clearer. She also provided an update in relation to the figures for empty homes. There had been a need to direct resources to the inspection activity recently, however, the Council had recruited a lead officer for private sector housing and there would be dedicated input in this area going forwards.

Discussion followed with regard to:

- The various measures which could be undertaken to help landlords make necessary improvements in order to bring empty homes back into use such as encouraging them to take up one of the various home improvement loans available.
- Members would be asked to provide feedback on any houses in their Wards that were empty, overgrown or neglected to aid officers in proactively managing problematic properties.
- It was suggested that it would be better to express the 'number of affordable homes delivered' as a percentage of the cumulative target rather than an annual number. The Internal Audit Team Leader stated that she would ask the Homes Policy Development Group to consider this.
- A query regarding why the number of empty shops in Cullompton was above target would be referred to the Community Development and Regeneration Manager in order for him to provide an answer.
- The figure in relation to Council provided grants per head of population was discussed in terms of it not being the only way in which the council could support communities.
- Car park overcrowding at the leisure centres being a high risk and what could be done about it.
- The Leisure Service was praised for its careful treatment and use of chemicals.
- It was confirmed that the testing of the Council's electrical equipment was carried out on an annual basis but the risk involved in not doing this could be made clearer within the report and re-scored.

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

55. Discussion with the Chief Executive regarding management issues (00:34:45)

The Committee had requested at its previous meeting that the Chief Executive be invited to attend the meeting to discuss some of the concerns it had regarding management issues within the Council. The Chairman explained the background to these concerns to the new and substitute Members present. Concerns had largely

related to absenteeism and the fact that HR had raised issues with managers but in some areas there had been an inability to accept responsibility for the management of this.

The Chief Executive stated that he did understand the committee's frustration but it went deeper than simply dealing with absenteeism. It was an unavoidable fact that people did get ill but there also needed to be a culture change whereby managers were held to be accountable and to take actions where necessary to address issues within their teams.

Discussion took place regarding:

- Whether it was necessary to have officers within a service area physically present within Phoenix House in order to deal with a Member's query. One Member had reported that following a spate of issues within his Ward he had sought help from the service area in question to find that all the officers were 'off' on the same day. The Chief Executive responded to this by stating that there was a difference between managerial oversight, contactability and responsiveness. The issue was more about receiving a timely response from an officer and whether that was whilst working from home or in person at Phoenix House was not significant. He and his leadership team were working very hard to reinforce the message that providing a timely response was paramount.
- A programme of external training had been put in place to upskill the entire management co-hort. This was being driven through the Directors who were setting the necessary standards going forwards. Managers would be supported and existing procedures used to tackle issues when these standards were not met. The Committee felt that it had already started to see improvements.
- The Chairman, as a member of the Partnership Working Group, had visited West Devon Borough Council and South Hams District Council where they had made radical changes regarding the way officers worked. He explained that they only had 6 desks for every 10 employees and the assumption was that, when possible, an officer would work from home. Despite this type of disparate working arrangement the atmosphere within the Council building had appeared to be exceptionally upbeat.
- Following his arrival the Chief Executive had been tasked with securing an expert productivity assessment for the planning area. This had now been completed and initial results had indicated that Mid Devon District Council had entered a period of cultural adjustment. The supporting structures to allow and encourage this change were being put in place and whilst it would take some time to progress the process had started in a positive fashion.

The Committee concluded by stating that the discussion had been very useful, that there was every reason to be optimistic for the future and they had been reassured by the passion of the leadership team to drive through change and to specifically address previous areas concerns.

56. Internal Audit Progress Report (01:21:05)

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 2016/17 financial year.

Brief discussion took place under each of the following headings:

Members Allowances

- The rule that expense claims over 2 months old would not be paid unless there were exceptional circumstances and the appropriate authorisation had been sought needed to be reinforced.
- Electronic completion of expense claims by Members was now requested.

Gifts and Hospitality

- The rules and regulations regarding this area were included within the Constitution. It was requested that there be a version control sheet on the front of the Constitution showing the date of any amendments and who had actioned them.

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

57. Internal Audit Reports (01:30:00)

The discussion regarding internal audit reports had taken place under the previous item; there had been no need to move into Part II.

58. Verbal update on the arrangements for the appointment of external auditors (01:32:00)

The Internal Audit Team Leader stated that there would be a report with a recommendation regarding this matter at the next meeting.

59. External Audit update (01:33:25)

The Committee had before it, and **NOTED**, a report * from the external auditors providing a progress report and update.

Key messages within the report included the following:

- The final audit for 2016/17 would not start until June 2017 but would run along a similar timetable to last year.
- Grant Thornton would endeavour to bring updates on Brexit as and when more was known.
- Options regarding the future appointment of external auditors were listed in the report. A recommendation from the Audit Committee would be discussed by Council on 22 February 2017 with a final decision needing to be made by March.

- The Finance Manager had co-presented a session at a Grant Thornton seminar on 'advancing closure' of the accounts and the issuing of one of the earliest opinions for the 2015/16 financial statements.
- The Committee were made aware of a Grant Thornton publication entitled 'Better Together: Building a successful joint venture company' which was particularly relevant at the current time. Copies would be made available in the Members Room.

60. Identification of items for the next meeting (01:52:00)

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:

- Arrangements for the appointment of the external auditors
- Grants claim report from Grant Thornton

It was also requested that at some point in the future a report be received regarding the governance issues in relation to the allocation of grant funding.

(The meeting ended at 7.25 pm)

CHAIRMAN

This page is intentionally left blank

AUDIT COMMITTEE 24 JANUARY 2017

REPORT ON INTERNAL AUDIT OPTIONS FROM 2017/18

Cabinet Member Cllr Peter Hare-Scott
Responsible Officer Audit Team Leader, Catherine Yandle

Reason for Report:

This report summarises the options MDDC has for Internal Audit provision going forwards.

RECOMMENDATION(S): That the Audit Committee resolves which option for future Internal Audit provision it believes will be best for MDDC going forward and makes this recommendation to Full Council.

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

Financial Implications: The Council's budget for Internal Audit in its current form is £124,380 the primary objective here is not to save money but to obtain a potentially more effective services provision.

Legal Implications:

1. It is a statutory requirement that the Annual Governance Statement is signed off by the Chief Executive (as most senior officer) and the Leader of the Council (as most senior member), along with the Report and Accounts once they have been approved by the Audit Committee
2. Depending on which option is chosen MDDC may have to enter into a financial agreement with an external supplier for the provision of services. The form of agreement will depend upon which option is chosen.

Risk Assessment: There is no immediate risk to the Council; however, early consideration by the Council of its preferred approach will enable detailed planning to take place so as to achieve successful transition to the new arrangement in a timely and efficient manner.

1.0 Introduction

- 1.1 In common with all other services of the Council management must consider whether the current model for the service provided is the most efficient one and also the best value for money too.
- 1.2 To this end the Internal Audit Team Leader has considered alternative approaches to service provision in the past but it was not felt at that time that changes would necessarily achieve either of these aims so no alternatives were presented to this Committee before now.

- 1.3 However as a knock on effect of changes made in other areas of the service Internal Audit is part of it has been decided by the Leadership Team that the present Internal Audit Team Leader is the person in the Council best placed to take on responsibility for Governance, the Annual Governance Statement, The Code of corporate Governance and other functions which were previously the responsibility of the Head of Communities and Governance (who has now left MDDC).
- 1.4 As a result of this change there is not only too much work for one person to do but there are potential impairments to the Internal Audit Team Leader's independence which is a fundamental requirement of the International Auditing Standards and the Public Sector Internal Audit Standards by which MDDC operates.
- 1.5 This is the first report on this matter, once the initial decision has been made as to the preferred approach further negotiations with the potential supplier(s) will be necessary and more detailed costings agreed and further reports will be presented to the Committee to keep the Committee apprised of progress made.

2.0 The Options

2.1 Do Nothing

This is not really a viable option for the reasons alluded to in 1.4 above. The Internal Audit Team Leader has concluded that even if capacity was created by buying in additional Audit days there would still be the issue of the reduction in independence due to the Audit Team Leader's line manager being the line manager for a lot of other services.

2.2 Procure Audit management via a Service Level Agreement (SLA) or Enter into Partnership Arrangements with an External Provider

- 2.2.1 There are 2 organisations that provide internal audit services to a large number of public bodies on a not for profit basis, these are South West Audit Partnership and Devon Audit Partnership. There is a brief comparison between them at Appendix 1 and also further information included as background papers.
- 2.2.2 Both organisations offer benefits to MDDC as they can provide specialist audit advice which is fairly difficult to obtain economically at present. Both organisations also offer improved career progression opportunities and training for the 2 Auditors who would, most likely, be TUPEd across. Unison has been consulted.
- 2.2.3 Both organisations have a local presence, one with offices in Exeter the other Taunton. But in both cases the staff would continue to be based here at Phoenix House. Both have capacity and would like to work with us.
- 2.2.4 Both organisations are willing to manage only via an SLA, although DAP is more willing to do this on a longer term basis (as they did with Torridge).

- 2.2.5 Other aspects are covered in the background papers. There is some indication of the cost included at Appendix 2, these arrangements would not actually save money, the costs would be very similar to the present arrangements, but the resultant service should be even more effective and efficient than at present.
- 2.2.6 The Internal Audit Team Leader would be freed up to perform these other functions.

2.3 Tender for Internal Audit Services from External providers.

- 2.3.1 Firms such as Grant Thornton, KPMG etc. offer internal audit services to clients in the private and public sector on a commercial basis. Locally North Devon has an arrangement like this. This option would have the disadvantage of a lengthy and expensive tender process but the service benefits would be similar to the above for MDDC. However for the staff this would be a more difficult choice.

3.0 Conclusion and Next Steps

- 3.1 Members need to decide which option they would like to recommend to Full Council for their meeting on 22 February.
- 3.2 Further work would then be undertaken to agree the detailed timetable and budget with the party MDDC decide to work with. However transitional audit management provision will be needed and arrangements to co-ordinate software, training etc. will be necessary, this process will take about 3 months.

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: Response to queries raised 15 December 2016
SWAP, Questions for Potential Partners DAP, Questions with regard to TUPE DAP,
SWAP Annual Report 201516, Devon Audit Partnership – info as at Oct 2016

This page is intentionally left blank

	DAP	SWAP	Other
Structure	Not for profit Partnership	Not for profit Company	
Local Councils covered	Devon CC, Torbay, Plymouth, Torridge, South Hams & West Devon	Somerset CC, East Devon, Devon & Cornwall Police, West Somerset, Taunton Deane	Exeter, Mid Devon, North Devon & Teignbridge
Total Owners		4	23
	S20 Local Government Act	S101 Local Government	
Constituted under	2000	Act 1972	
Started	2009	2005	
Governance	Joint Committee 2 Members per Council Management Board 3 151 Officers & Head of Partnership	Members Board 1 Member per Council Board Senior Officer (S151?) becomes a Director	
Staff		30	54
Specialisms	IT, Contract, Fraud & Forensic	IT, Contract, Fraud & Forensic	
Software	MKI	MKI	
Keep existing computers	Can	No	
% Audit Plan completed		92	
% Chargeable time		69	
% Customer Satisfaction		98	80
% Staff Turnover		11.2	
Awards	CSE	N/A	
Management Only	Yes	Can	
Partnership with no staff transfer ? (non-voting Member)	Yes	No	

This page is intentionally left blank

Budget 2016/17		Budget	DAP	SWAP	Comments
Audit Team Leader		45060	13200	12960	
Auditors(2)		53850	53850	53850	
Misc - subs etc		1860	1171	1171	
Recharges	FTE	5120	3224	3224	Premises
Recharges	FTE	540	340	340	Payroll
Recharges	FTE	1600	1007	1007	HR
Recharges	FTE	7980	5024	5024	IT
Recharges	Saving	8370			Amy/Zoe
		124380	77817	77577	
Start up cost for Licences/IT			1200	2500	
			79017	80077	
Management Only SLA			13200	13920	

This page is intentionally left blank



Mid Devon District Council

Response to queries raised 15 Dec 2016

Internal Audit Services

South West Audit Partnership Ltd
Abbey Manor Business Centre
Preston Road
Yeovil
Somerset
BA20 2EN

Direct Line: 01935 848540
E-mail: enquiries@southwestaudit.co.uk
www.southwestaudit.co.uk

Introduction

SWAP is pleased to provide a response to the queries raised on 15 December 2016 by the Internal Audit Team Leader at Mid Devon District Council.

SWAP began in 2005 when two local authorities created a partnership with the aim of establishing a collaborative, resilient, high quality internal audit service. Our success means we have grown to 20 partners (with 54 staff) and also have a variety of non-partner public sector clients. SWAP is a publicly owned, not for profit, company limited by guarantee and we are proud to be the largest partnership of our type in the UK.

SWAP's role is to act as an independent and objective advisor for our partners and clients, most of these being local authorities and other public sector bodies. As such, we understand the public sector and the importance of providing that impartial view whilst offering real value for money.

A copy of our latest annual report can be found on our website:
(<http://www.southwestaudit.co.uk/articles/88/swap-annual-report-2015-16>)

The following section of this report address the questions raised by Mid Devon District Council.

Questions with regard to potential TUPE:

1. Do you have a mission statement?

Yes – The following is an extract from our Business Plan:

“Mission Statement:

A not for profit organisation delivering high quality, innovative, value added Internal Audit Services by applying global standards at a local level for our clients and their customers, helping them make the right decisions.

By working in partnership SWAP AIMS to:

- Provide a professional cost effective, high quality Internal Audit service to all clients that understands their business needs.*
- Improve the standard of corporate governance, risk management and internal control systems for all partners and clients.*
- Expand the business, incorporating new partners and fee-paying clients, where it is beneficial to the company and our owners to do so.*

Our OBJECTIVES are to:

- Continuously improve the quality and productivity of the Internal Audit service we provide.*
- Ensure that a sustainable Internal Audit service is available to all of our partners and clients at all times; retaining existing and attracting new.*
- To create an outstanding working environment for SWAP employees.*

The company exists to serve its owners and this remains the primary focus. But the company also provides the best quality product at the best possible price as well. In order to achieve these twin goals for our owners, SWAP will continue to seek opportunities to earn more net income. Although we are not-for-profit, anything the company can do to reduce the burden on the public purse will be explored.”

2. Do you have investors in people or any other similar type of thing?

No formal accreditation has been sought for investors in people (or similar)– but SWAP maintains a satisfied workforce as our most recent annual staff survey results demonstrated.

3. Would we be able to gain experience/try other areas to audit i.e. schools?

Yes – With 20 partners and a wide variety of external clients, there is plenty of opportunity to try new audits and develop new skills and experience. Collaboration and sharing knowledge is at the core of SWAP's business and it therefore encourages staff to get involved and gain experience in new areas.

4. Would our move be classed as continuous service?

Yes – If staff TUPE to SWAP their continuous service is protected.

5. Would we be allocated other work if work/hours at Mid Devon were reduced?

The provision of a resilient internal audit team to our partners and clients forms part of our core business. We work to mitigate the risk of not delivering audit plans by pooling our staffing resources.

As a large partnership, we would normally deploy staff in accordance with their particular skills and experience, as required by each individual review. However, we recognise the importance of client continuity and the value of retained knowledge.

Therefore, although a large proportion of work would be at Mid Devon, there would be an expectation that staff would complete work for a variety of partners, and that other SWAP staff would similarly contribute to the completion of Mid Devon's Audit plan.

This helps build resilience so that in the event Mid Devon did marginally reduce days, the staff originating from there could be redeployed to other work seamlessly. We have experience of this and the process has been found to operate reliably.

Should Mid Devon decide to reduce the number of audit days significantly after becoming a partner, there are mechanisms within the partnership legal agreement to address this (which has to date never been invoked.)

6. Where would we be based?

If staff TUPE to SWAP they retain their existing office base (i.e.it would be Mid Devon offices if that is where it is now).

7. Are travel expenses paid for working on audits which are carried out away from your normal place of work?

Yes – staff receive expenses for travel to work which is outside their normal home to work journey.

8. Is the working time flexible?

Yes – SWAP operates a flexi time policy, with no core working hours. Providing client needs are met and audits are delivered in line with expectations, working hours can be flexible.

9. Is working from home an option; either a regular or ad-hoc basis?

Yes – SWAP encourages homeworking and the majority of staff work from home as they wish (with consent from their line manager). SWAP staff are accustomed to using video conferencing technology (Starleaf and Skype for Business) as well as the phone to keep in touch with colleagues and client officers. Collaboration is at the heart of SWAPs approach and with a workforce dispersed over 6 counties, staff are used to working remotely. Homeworking poses no impediment to this.

It should be noted, however, that although SWAP staff work from home, none are classed as ‘Home Workers’.

10. Do you have a pension scheme? Is there any employer contribution?

Yes –SWAP staff can join the Local Government Pension Scheme. Employer contributions are as laid down by the LGPS.

11. Do you provide a childcare voucher scheme?

Yes

12. At Mid Devon, Union membership is encouraged, is this something that your partnership also supports?

Yes – The staff at SWAP voted to have Unison as their representative for collective bargaining purposes. Union membership is supported by SWAP.

13. What training options are available? Is this something you could provide?

Training is offered to all staff joining SWAP through the TUPE process. With 20 partners (and growing!) we have a tried and tested in house programme of induction. This includes training on:

- SWAP policies and procedures
- SWAP audit methodology and processes
- Audit software training

SWAP also subscribes to e-learning modules. These on-line modules include training on a wide range of work related, and non- work related topics, for the benefit of staff.

SWAP provides all its staff with corporate membership of the Institute of Internal Auditors (and pays for their subscription). This gives staff access to a wide range of training and resources to support them.

All staff are encouraged to complete their professional training with the IIA. 56% of SWAP are professionally qualified with a further 35% of SWAP currently undergoing professional training.

We attend and participate in national and regional conferences and networking forums.

We have recently revised our 1-2-1 and annual appraisal process to support staff development.

Where additional training is evidenced by a business need, SWAP will support staff to gain the necessary qualifications (recent examples include fraud training and ISO 27001 training.)

The following statement has been taken from the Committee report of a Unitary Council expected to join us as a partner in April: “The Partnership has an established competency and learning and

development framework to invest in staff, and is seen as a good cultural fit for the council based on the skills and values within that framework.”

14. What would the salary be? Are there opportunities for career progression?

Staff transferred to SWAP through the TUPE process would have their current pay and conditions protected. (i.e. they would get paid whatever they were being paid at the point of transfer from Mid Devon).

SWAP is proud of the fact that so many staff have had the opportunity to progress their careers within the partnership. Of the staff that have left SWAP recently, several have gone on to join well known national audit firms or big name retail chains.

The following statement has been taken from the Committee report of a Unitary Council expected to join us as a partner in April: “A transfer to SWAP under TUPE regulations would offer current Internal Audit staff protection from employment detriment whilst at the same time offering enhanced career and development opportunities.”

15. MDDC currently pay for our annual subscriptions (AAT, IIA & ACCA), is this a something that you provide?

Yes – SWAP pays for corporate membership for all staff of the IIA and pays other subscriptions where there is a business needs for SWAP. These are reviewed on a case by case basis.

16. Would we fall under your process and procedures or Mid Devon for things such as sick pay, maternity, code of conduct and flexible working?

Staff transferring to SWAP through the TUPE process would be subject to their existing terms and conditions (i.e. Mid Devon’s policies would apply). However, in the past, we have found that there is often little or no material difference between SWAPs policies and those of the new partner council, in some cases, SWAP policies are more favourable. Most staff in the past have opted to sign a SWAP contract (and adopt SWAPs policies).

Questions for Potential Partners:

1. Do you have any KPIs?

Yes – The Agreement for Provision of Audit Services (which is the legal agreement our partners sign up to) requires SWAP to prepare:

- an annual report on performance for Committee around June each year.
- A quarterly monitoring report on actual performance against the Audit Plan.

SWAP is required to:

- deliver at least 90% of the audit plan each year.
- Obtain 80% excellent or good responses from feedback
- And report at least 85% of draft reports to the agreed timetable.

All of these KPIs are generated automatically from our audit software system MKInsight and are monitored monthly by the SWAP Management Team, and by the SWAP Board of Directors

2. Can you offer Audit management (only) as a service?

Yes, we can provide just a managed service but you would miss out on some of the distinct advantages that come with being a Partner:

- Its more expensive for the Council.
- In order to achieve its good results, SWAP has its own methodologies, working practices and innovations which are difficult to embed without full transfer of staff (resulting in a less efficient way of working).
- Opportunities to share information and benchmark are impeded by not being a full partner.
- There may be complications around staff performance management.
- Staff miss out on benefits of being in the SWAP 'Team' and wouldn't have the opportunity to work at different sites and audit new areas. There would also be complications around training and involvement in collaborative groups.
- The Council would not have a say in how SWAP is run (SWAP is owned and run by its partners).
- We would be a contracted provider, rather than an internal arrangement. We have found that the partnership approach which is seen as an internal arrangement, has led to good levels of interaction between client managers and SWAP staff, with service delivery benefiting as a result; evidenced by high satisfaction feedback.
- This arrangement would not provide the same resilience, without additional costs, as becoming a partner would.

For these reasons, SWAP would recommend that the provision of Audit Management only is a temporary/ interim arrangement.

3. What is your daily rate for this?

We would require further information in order to calculate a final daily rate but for indicative purposes only, it would be somewhere between £280 and £300. (for comparison a partner day rate would be around £260- £280).

4. Unison tell me that we could be in partnership without transferring the staff across, is this an arrangement you can/have used?

We have not adopted this approach in the past for the reasons given under question 2 above. Our preference is to have staff transfer to SWAP in order to ensure a resilient service is provided to the Council.

5. Who would be responsible for providing IT equipment/licence for MKI/support?

On joining SWAP as a partner, a one off payment is agreed to cover IT equipment (such as laptops), MKInsight licenses etc. After this one off cost, the ongoing costs are picked up by SWAP. SWAP provides all the IT equipment necessary. For information, a MKInsight license is around £600.

6. Who would pay for the premises cost?

The normal approach is that partners provide accommodation for the audit team.

7. Would you require a permanent desk for a Manager when at MDDC?

A permanent desk is not required for any member of the audit team as our staff are accustomed to hot desking, moving around offices and home working. While a permanent desk is not required, there is an expectation that sufficient accommodation for the team would be available.

8. Would there be capacity to absorb “spare hours” if MDDC wanted to reduce their plan?

As mentioned above, in the event Mid Devon did marginally reduce days, the staff originating from there could be redeployed to other work seamlessly (and the spare hours absorbed).

Should Mid Devon decide to reduce the number of audit days significantly after becoming a partner, there are mechanisms within the partnership legal agreement to address this (which has to date never been invoked.)

9. Would there be capacity to increase hours if MDDC wanted to increase their plan?

Yes - SWAP would resource the plan accordingly.

10. Do you currently have fixed term/agency staff?

Yes – SWAP buys in some specialist skills as the need arises, at no extra cost to our partners.

11. Will you need to take part/prepare the audit plan for 2017/18 (Due Mar 2017)?

In the event that a decision was made for Mid Devon to become a partner, we would seek to work with the Council to prepare the plan for 2017/18.

12. Will you need to take part/prepare the audit charter (Due Jan 2017)?

In the event that a decision was made for Mid Devon to become a partner, we would replace any existing Charter with our own at the point we take up the Service. The Jan 2017 Charter would remain in place until that time.

Conclusion

We strive to deliver a high quality, substantial internal audit service to all organisations. The company's senior staff can provide any further information you might require.

From the 1st April 2017, we will be adding a further 3 district councils bring the total to 12 district councils within our Partnership. This we hope demonstrates an extensive experience of providing services to councils like Mid-Devon.

Further information may also be found on our website <http://www.southwestaudit.co.uk/>

This page is intentionally left blank

Mid Devon District Council
Questions for Potential Partners

Response from Devon Audit Partnership December 2016

Please find set out below our answers to the questions you have raised.

We trust that the responses we have given below meet your needs, but if you would like any further information, or wish to clarify any of our responses, please do not hesitate to contact us.

1. Do you have any KPIs? (I have 2014/15 for DAP)

Yes. We operate with quite a large suite of performance indicators to reflect both the delivery of internal audit at our partners and clients, and on the performance of DAP as a partnership.

- a) Performance indicators on delivery of internal audit are reported to each of our clients; we attach a link to the Devon County Council annual internal audit report which summarises our performance (please refer to item 3 “Annual Internal Audit Report 2015-16” pages 7, 8, 15 and 32) <http://democracy.devon.gov.uk/ieListDocuments.aspx?CId=161&MId=281&Ver=4>
- b) The performance for DAP is reported six monthly and annually to the Partnership Committee. We attach links to our performance reports for the first six months of 2016/17

<http://democracy.devon.gov.uk/ieListDocuments.aspx?CId=161&MId=281&Ver=4>

(Please see Item 9, “Six Month Update Report 2016/17” pages 4, 7, 8 and 9)

We recognise that the “numbers” are important, but we are also very keen to understand if we have added value to organisations and what our customers think about the service we provide.

Page 3 of the above report (Qb) captures some of the ways in which our customers consider we have added value to them.

We also post on our website feedback from customers on how our audit staff have met their expectations. <https://www.devonaudit.gov.uk/why-choose-dap/customer-testimonials/>

2. Can you offer Audit management (only) as a service?

Yes. We currently provide such a service to South Hams and West Devon councils and have done so since April 2015.

We consider that this arrangement has worked very well; the two team members continue to be employed by South Hams, but are very much seen as part of the wider DAP team. The members of staff make use of our audit management system, MKi, (which has been installed on South Hams machines) and attend DAP development days where they meet the wider team and exchange ideas.

3. What is your daily rate for this?

We would expect to offer Audit Management Services at a rate of **£275** per day. (Please note that in earlier conversations we had referred to a rate of £250 per day, but have been told that from 1 April 2017 our costs will increase to reflect an increase in employer's pension contribution and other cost rises).

4. Unison tell me that we could be in partnership without transferring the staff across, is this an arrangement you can/have used?

Yes. Currently, Torridge District Council works with us as a "non voting member" of the Partnership. This means that they have not transferred staff to us, but are still represented at the Management Board and at the Partnership Committee where Torridge thoughts and views are greatly appreciated.

In reality there are only a limited number of issues that the Committee vote on (mainly the budget and accounts) and so this arrangement does appear to work well. (Please note that from April 2017 Torridge have requested to join DAP as a full partner).

Further, and as mentioned above, we currently work with South Hams and West Devon Councils; although neither council is a partner of DAP, we do ensure that the staff are considered as "part of the partnership" by involvement on training days and other areas of development.

5. Who would be responsible for providing IT equipment/licence for MKI/support?

We would work with you to determine how IT should be set up to work most effectively.

For staff to work most effectively at Mid Devon they will need access to Mid Devon systems. Such access can either be through Mid Devon equipment (i.e. a laptop or desktop on the Mid Devon network) or by using DAP equipment and using remote working arrangements to then access Mid Devon systems.

In the latter arrangement DAP staff are generally provided with RSA (or equivalent) tokens to enable access to systems. We know that not all systems are fully accessible via remote working, and for internal audit to complete work to the depth and detail required direct access arrangements often provide the most effective option.

If staff are provided with Mid Devon machines then we would expect these to be provided by Mid Devon (i.e. the cost would fall to Mid Devon), but if a "remote access" approach is used then we would supply the laptops.

If staff use the DAP laptops then the IT costs will be covered by DAP.

In respect of MKi this can also be provided in a number of ways and we would welcome the opportunity to discuss which would be the best option.

For example, if you wish the team to continue with Mid Devon machines, then we would look to work with your IT section to have MKi installed on these machines (we use this approach at South Hams and West Devon). It is worth noting that MKi is externally hosted, and so the Mid Devon machines will require access to the internet to securely access MKi.

Alternatively, if staff are using DAP laptops, then MKi will be supplied with these laptops, but we would still need a way to access the internet from Mid Devon offices.

6. Who would pay for the premises cost?

We would expect Mid Devon to provide adequate premises for the Audit team to use. The cost of this accommodation would fall to Mid Devon.

7. Would you require a permanent desk for a Manager when at MDDC?

No. We would expect that Audit Manager to be on site at Mid Devon at least one day per week and they will need a place to work from; however we would not expect to “tie up” a desk for a whole week for this purpose; use of a hot desk arrangement would be appropriate.

8. Would there be capacity to absorb “spare hours” if MDDC wanted to reduce their plan?

Yes. We are aware of the need for all public sector organisations to make savings. Often an organisations wishes to make a small, but important saving in their internal audit budget, say 10% to 15%. This can be difficult to do as it may require staff reducing hours; something that may not be welcomed or achievable.

We have worked with a wide range of organisations who have wanted to reduce their audit plans. We have helped them identify possible spare capacity and have then worked with the affected staff to ensure we can use their valuable experience to add value to other clients.

We are aware of your current team and feel confident that we could absorb any “spare hours” that may arise from Mid Devon requiring a reduction in their audit coverage.

9. Would there be capacity to increase hours if MDDC wanted to increase their plan?

Yes. We have a wide range of staff who have worked across a large range of public sector organisations and we would be able to allocate such staff to increase your audit plan.

You may also want to adjust your audit plan to address current risks with the requirement to use “specialist” staff to support these risks; we have staff who are experienced in a wide range of risk and topic areas who could provide this additional capacity for you.

10. Do you currently have fixed term/agency staff?

Yes. The majority of our staff are permanently employed, but we do make use of agency staff to supplement our plans as and when required.

This enables us to respond to requests for additional pieces of work in a positive manner; the agency staff may pick up the additional work request, or may be used to “backfill” freeing up a member of the team to complete the extra work.

11. Will you need to take part/prepare the audit plan for 2017/18 (Due Mar 2017)?

We would welcome the opportunity to be involved in discussions around the plan for next year.

We would be pleased to support you in whatever way would be of most help; we could lead on the task for you, or support, what we know to be an already effective process, by adding in our experience and knowledge of the sector and by bringing to your attention specialist knowledge / skills that may be of benefit to Mid Devon.

However, if Mid Devon would rather prepare an audit plan for us to then deliver, then we would be pleased to ensure that this plan is completed.

12. Will you need to take part/prepare the audit charter (Due Jan 2017)?

As per our comments above, we would welcome the opportunity to be involved in discussions around the Audit Charter for next year, and would be pleased to support you in whatever way would be of most help.

We trust that the above has been useful ,but please do let us know if any further information would be of benefit.

Rob Hutchins and all at

Devon Audit Partnership.

Questions with regard to potential TUPE:

Response from Devon Audit Partnership December 2016

Please find set out below our answers to the questions you have raised.
We trust that the response we have given meets your needs, but if you do want any further information, or wish to clarify any of our responses, please do not hesitate to contact us.

1. Do you have a mission statement?

Yes. Please see our home page on our website <https://www.devonaudit.gov.uk/>

Our aim is to :-

To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight. We work with you, to support your goals and minimise risks which may prevent you achieving your goals. That's why the Devon Audit Partnership are auditing for achievement – your achievement.

2. Do you have investors in people or any other similar type of thing?

Yes. We are pleased to confirm that we have the Customer Service Excellence Award.

We consider that this focusses our work on providing the best service we can for our customers. The Award requires us to demonstrate continuous improvement in a wide range of areas. The Award requires that we have professional, well skilled and trained individuals who ensure we meet our customer's needs.

Please see our website <https://www.devonaudit.gov.uk/why-choose-dap/customer-satisfaction/>

3. Would we be able to gain experience/try other areas to audit i.e. schools?

Yes. We would be most pleased to work with all your staff in further developing their careers. We provide internal audit services to a wide range of not-for-profit organisations across Devon and the wider area, and we would be delighted to encourage and support you in using your skills in different settings and in different sectors.

We strongly believe that the skill of internal audit is transferable across organisations and across all risks, and that auditors can gain confidence and enhance their skills by working with other organisations, such as schools.

You can find a summary of the partners that we work with on our website at <https://www.devonaudit.gov.uk/why-choose-dap/client-partners/>

4. Would our move be classed as continuous service?

Yes. Staff would transfer to DAP with continuous service.
DAP is "hosted" by Devon County Council and we adhere to DCC terms and conditions for staff.

5. Would we be allocated other work if work/hours at Mid Devon were reduced?

Yes. Further to question 3 above, we would look to widen your teams' skill set so that they can provide internal audit at a range of organisations.

We would look to work with individuals, at their pace, to develop their skills, but the intention would be to provide each with greater learning opportunities that could then be used on our wider client base, should the work at Mid Devon be reduced.

6. Where would we be based?

Staff would continue to be based at Mid Devon. However, we cover work across the County and if staff would wish to seek an alternative placement then that is something we could consider.

7. Are travel expenses paid for working on audits which are carried out away from your normal place of work?

Yes. Members of staff are given a "work base" – for Mid Devon staff we expect this to be Mid Devon offices in Tiverton.

When working on an assignment that is not at Mid Devon then travel expenses will be paid. The amount of mileage claimable is, generally, the distance between Mid Devon offices and the work location, less your normal home to Mid Devon mileage.

We attach the Devon County Council scheme which provides more detail. Section 16.1.3 provides a little more detail about how mileage claims are calculated.



businesstravelpolicy.
pdf

8. Is the working time flexible?

Yes, very much so (and please also see answer below). We appreciate that staff have different care commitments and sometimes require flexibility. We trust our staff to manage their time and work commitments and will support them to prioritise their workloads to deliver work within the expected timescales

Our core hours are 10.00 to 12.00 and 2.00 to 4.00.

We work to the flexible working arrangements of Devon County Council – please see attached for more details. <http://www.devon.gov.uk/index/jobscareers/workingfordcc/benefits.htm>

9. Is working from home an option; either a regular or ad-hoc basis?

Yes. We are happy to staff to work from home and appreciate that this is often the most efficient use of their time, allowing assignments to be completed "without interruption"

We are happy to support regular working from home, and ad-hoc requests / requirements as they are presented.

We do ask that the manager for the team is kept aware of requirements – we ask that employees seek agreement prior to working from home to ensure we are aware of staff movements (for example for health and safety requirements).

10. Do you have a pension scheme? Is there any employer contribution?

Yes. Staff are entitled to join the Local Government Pensions Scheme. This scheme is funded through employee and employer contributions. The employer contribution is set by actuarial valuations and does vary from valuation to valuation. Current contribution rates are 19.75%

Please see more details about our scheme at

<http://www.devon.gov.uk/index/jobscareers/workingfordcc/benefits.htm>

11. Do you provide a childcare voucher scheme?

Yes. Please see more details about our scheme at

<http://www.devon.gov.uk/index/jobscareers/workingfordcc/benefits.htm>

12. At Mid Devon, Union membership is encouraged, is this something that your partnership also supports?

Yes. We support union membership. A number of DAP employees are members of GMB or Unison. At the County Hall site is also the Coaver Club facility which is operated by Unison and includes facilities for member use.

13. What training options are available? Is this something you could provide?

We know that our most valuable asset is our staff, and we place a lot of emphasis on ensuring staff are appropriately trained.

As you would expect from a professional organisation, we support professional training for staff. Currently this is via the Institute of Internal Auditors (IIA). We also support other professional training such as ITIL and Encase Computer Forensics.

We also support a range of ongoing awareness and training at, for example, IIA and CIPFA events during the year.

We know that training is often home counties based, and will pay for travel and subsistence costs as required.

We encourage staff to make use of “desk based” training – i.e. taking part in webinars and other on-line training, and other resource sites such as TIS Online and the IIA website.

Each year, audit managers will consider the development needs of each member of the team and feed these into a wider discussion on training for our staff. This in turn is used to inform an annual consideration of the wider skill set required by DAP and identify any organisational training gaps that need to be considered.

Individual training needs are then considered and approvals made.

For wider organisational needs, we will consider what is required. This year we invited James Paterson to run a workshop for us on “lean auditing”.

However, our training budget is not “unlimited”. Our training budget is set at around £10,000 per year, which has been appropriate for previous years, but is always under review. We look to support as many training opportunities as we can, and make sure this budget is used to maximum effect.

We further support staff by providing time off for exams and for study leave

14. What would the salary be? Are there opportunities for career progression?

We employ a range of staff to deliver our work. Our current roles grades and salaries are as follows:-

Role	Grade	Spinal Pts	Salary from...	...to
Auditor 1	Grade E	23 to 28	£21,057	£24,717
Auditor 2	Grade F	29 to 34	£25,694	£29,854
Senior Auditor	Grade G	35 to 39	£30,480	£34,196
Audit Manager	Grade H	40 to 44	£35,093	£38,789

We support all staff to progress their careers, but this needs to be by way of a competitive process.

For example, we currently have a senior auditor vacancy and in-house candidates have been given the opportunity to demonstrate that they can fulfil the role. Should internal candidates not demonstrate all the skills we need, then we should look to advertise the job externally.

15. MDDC currently pay for our annual subscriptions (AAT, IIA & ACCA), is this a something that you provide?

At present Devon County Council does not support payment of annual subscriptions and, if you transferred to DAP on DCC conditions, then we would, unfortunately, not be able to support such payments.

However, it may be that as part of the transfer process this is made as a “special request” by Mid Devon and we would be prepared to consider this.

16. Would we fall under your process and procedures or Mid Devon for things such as sick pay, maternity, code of conduct and flexible working?

At time of TUPE you can either choose to transfer to DAP (Devon County Council) Terms and Conditions or remain on Mid Devon terms.

Devon operate under as a “healthy work environment” – more details can be found at <http://www.devon.gov.uk/index/jobscareers/workingfordcc/benefits.htm>

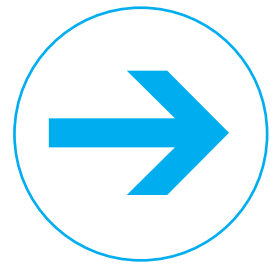
We trust that the above has been of use to you, but please feel free to raise any further questions that you may have.

Kind regards,

Rob Hutchins and the Team at Devon Audit Partnership.

transformational change

assuring your future



2015/16 ANNUAL REPORT



SWAP

INTERNAL AUDIT SERVICES

Assuring – Improving – Protecting

welcome to SWAP



About Us

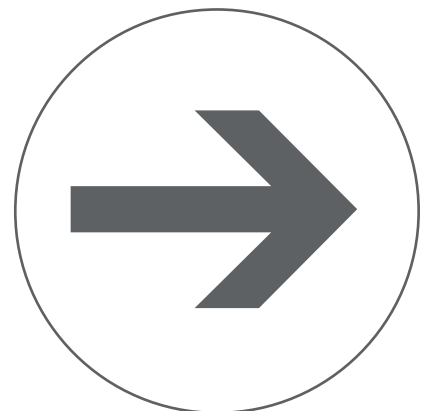
Welcome to the second Annual Report from the South West Audit Partnership (SWAP). The report is intended to provide both our stakeholders and other interested parties with a brief overview of the company's activities during the previous year, highlighting any exceptional or interesting events and giving an overview of our plans for the future.

SWAP has been in existence since 2005. Starting as a local government partnership established under Section 101 of the Local Government Act and with just two initial partners, it has grown to include fourteen Local Authorities, crossing six County borders, and a number of other public and private sector clients. After eight years the partnership had grown to such an extent that it was necessary to review our governance arrangements. As a result, SWAP became a company limited by guarantee in 2013. We continue to grow and now provide services in a number of places throughout the UK and beyond.

Our partners and clients enjoy the following benefits:

- Financial Savings over their prior internal audit arrangements
- Sharing of best practice and identified risk across all partners
- Development of in-house expertise, available to all partners and clients, including ICT and Fraud
- A wealth of experience across a range of Local Government services
- Significant increases in productivity and quality over prior arrangements

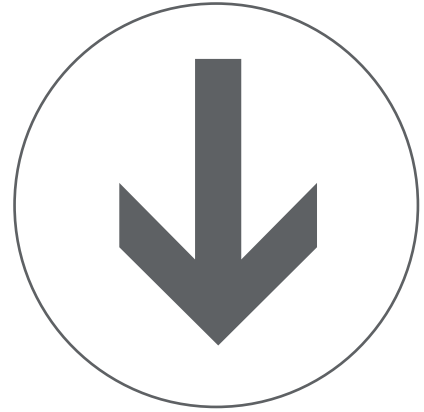
SWAP is a public sector company controlled within the meaning of the 1989 Local Government and Housing Act.



contents



SWAP
SOUTH WEST AUDIT PARTNERSHIP
Delivering Audit Excellence



2015/16 ANNUAL REPORT | CONTENTS

- 05 - 06 → A Message from the Chief Executive
- 07 - 08 → A Message from the Chairman
- 09 - 10 → Our Services
- 11 - 12 → Healthy Organisation
- 13 - 14 → Adding Value - through collaboration
- 15 - 16 → Careers at SWAP
- 17 - 18 → Combatting Fraud
- 19 - 20 → Meet the Team
- 21 - 22 → The Future
- 23 - 24 → The Numbers
- 25 - 26 → Internal Auditor's Report

chief executive





Gerry Cox • Chief Executive



A Message from the Chief Executive

After eleven years of running SWAP the last year saw the most change and the biggest challenges my colleagues and I have faced since we started. Firstly, the government announced that austerity measures, for the public sector, would continue at least until 2019. With so many local government and quasi-government clients, SWAP would have to rise to the challenge of maintaining a high quality service despite the deepening economic crisis hitting the sector.

Secondly, the company restructured early in 2015 and as a result we reluctantly lost some experienced staff. But every cloud has a silver lining and the way was opened up for us to promote some outstandingly talented people we already employed. We also successfully recruited to our remaining vacant posts and now SWAP is leaner, fitter and better able to meet the expectations of our customers, both present and future.

The company now has the privilege of serving fourteen owners, with the inclusion of North Dorset District Council as a new member of the partnership. We continue to hold constructive dialogue with a number of other local authorities, police forces and others in the public sector with a view to them joining SWAP. These potential partners are all looking to share in the success that the current partners enjoy.

But SWAP is not just in the business of attracting new partners, as welcome as they are. The company has now strategically positioned itself to offer ad hoc services to those who simply wish to enhance their existing internal audit function, rather than join SWAP. In particular, we are proud of the depth and breadth of talent we have to offer in respect of Information Technology Audit and Counter Fraud services. We have concentrated our efforts in increasing our resources in both these areas, recognising that most public sector organisations struggle to provide adequate audit coverage. Of course others offer these services, but they usually come at a premium price which many cannot afford. SWAP, as a public sector owned not-for-profit company, can offer the same quality as others but at a significantly lower price. We also provide the full range of internal audit and risk management services on a one-off or contracted basis.

For many public sector bodies change management and business continuity have become huge priorities as they struggle to deliver services with very limited resources. Many organisations are being forced to take greater risks than ever, but are those increasing risks being properly managed and are they fully understood? As you can read later in this report SWAP has developed, in conjunction with some of our partners, a Healthy Organisation audit that can evaluate the state of an organisations risks and highlight those areas that require priority attention. This is a unique service specifically designed to meet the challenges the public sector currently faces.

The public sector is changing rapidly with devolution, combined authorities and new ways of delivering services all creating new opportunities but also much uncertainty. SWAP is well positioned and equipped to help our partners and customers deal with the ever-shifting risks that are emerging. Why not join them and us and look forward to an assured future!



chairman





Jason Vaughan • Chairman



A Message from the Chairman

It is a real privilege to be Chairman of SWAP. I have overseen the successful expansion of SWAP with an increase in the number of partner councils who have been attracted to the partnership due to the high quality of the Internal Audit service provided. With this successful expansion it became clear that the governance arrangements also needed to be changed. So in 2013, SWAP changed from being a partnership and operating through a Joint Committee under Section 101 of the Local Government Act 1972 to becoming a company limited by a guarantee in 2013.

The partner councils are the owners of SWAP and each of the fourteen partners are required to appoint a senior officer who becomes a Director of the company. The Board of Directors meets on average quarterly during the year and oversees the development and performance of the company. Each partner also appoints a Councillor to a Members Board who approve the overall resources and the admittance of any new partners. The Chair and Vice Chair of the Member Board are also Directors of SWAP and part of the SWAP Board of Directors. This ensures the two Boards successfully work together to ensure SWAP continues to be successful.

As a Chief Finance Officer (Section 151 officer) for three councils, I am only too well aware of the cost and difficulty in providing quality Internal Audit services for individual councils. If SWAP had not existed, I would probably have had to invent it! In the last ten years SWAP has not raised its charges to its partners and has continued to increase both the amount of audit coverage and the quality and the breadth of their work.

I agreed to take on the role of Chairman as I recognised the real value SWAP provided and its potential for the future. You are not just 'buying' an Internal Audit service but joining a successful partnership that has a proven track record of delivery. With SWAP you get so much more than an Internal Audit service. I have found access to a wide range of staff with enhanced audit skills who have an in depth understanding of not only my own organisation but also best practice across the partner authorities.

So far expanding the partnership has proved beneficial to all and our Members are keen to continue that process, as long as it remains viable to do so. As SWAP enters its eleventh year of operations, I look forward to welcoming more partners and clients to enjoy the benefits of the partnership.

our services



AUDIT

“SWAP are delivering a modern, flexible and engaged service that helps us control our business in a period of unprecedented change.”

Martin Gerrish, Strategic Manager, Finance Governance • Somerset County Council

Risk Based (Operational) Audits

Core to our business is the provision of an Internal Audit Service aimed at providing properly focussed assurance to our clients on the effectiveness of their internal control environment.

IT Audit

Most, if not every, service has a reliance on the IT infrastructure and the data held on IT systems. SWAP delivers IT audits to ensure systems are safeguarding the organisation's assets, maintaining data integrity, and operating effectively and efficiently to achieve the organisation's business goals or objectives. We have a wealth of experience in delivery in this area including SAP and also have Auditors trained to ISO27001.

Academy Schools

The importance of an effective Internal Audit Service within Academy Schools is confirmed by a report published by the Department for Education. A recent investigation into a London Academy School shows how thousands of pounds of School money was misused. SWAP provides Schools with an Internal Audit Service that reports directly to the School's Audit Committee, or the Committee that performs that role.

Procurement Audit

The aim of these reviews is to ensure that systems help obtain best value for money, and to provide advice and guidance on the procurement processes required to meet applicable laws and regulations.

Special Investigations/Consultancy

We undertake ad-hoc reviews/consultations to support our clients through new and emerging risks. We also carry out reactive investigations where a threat to the organisation has been identified or just to provide advice on service compliance or areas for improvement.

Counter Fraud Investigations

With three of our existing partners, SWAP has been successful in securing Government funding to deliver a counter fraud investigation service. All our fraud investigators are qualified professionals and with positive results already being achieved we plan to expand this service further.

Quality Assessment

SWAP has a number of Chartered Internal Auditors who have the skills and experience in conducting Internal Audit Quality Assessments, as required by the mandatory Public Sector Internal Auditing Standards (PSIAS). We can either provide a full external assessment or act as an external validator for internal self-assessments.

By providing these services to fourteen partner organisations and other clients, the opportunities for efficiency, benchmarking and sharing of best practice abound. Our aim is to provide support and added value to every service we review.

healthy organisation





David Hill • Director of Planning



Organisational Control

The challenge for SWAP over the last few years has been how do we stay relevant and add value to our partners and clients? This has become more important following major cuts to public sector funding resulting in the significant transformation agenda that was embarked upon and will continue for many years.

During the 2014/15 financial year, SWAP collaborated with audit groups from around the country as well as leading practitioners and professional bodies. Our aim was to develop a robust and reliable model for assessing the corporate health of organisations, particularly within the public sector.

The resulting model rigorously tests an organisations control environment, supported by a Combined Assurance approach, under eight key headings:

- Corporate Governance
- Financial Management
- Risk Management
- Performance Management
- Commissioning and Procurement
- Programme and Project Management
- Information Management
- People and Asset Management

During 2015/16 we have undertaken the Healthy Organisation review at four Local Authorities and all have acknowledged the benefits of this audit to support continuous improvement. Regular updates are being reported to monitor the overall and changing health of each organisation against an agreed improvement plan.

The benefits of this new approach have been evident in that Members of Audit Committees have acknowledged that they now have a greater understanding of their organisations. Members of the audit teams have also stated that they all have a greater understanding of the organisation as an entity rather than specific service areas.

The process has also helped identify the areas Internal Audit really need to focus on rather than those areas that have been driven by the traditional risk based approach. This allows scarce audit resource to be targeted in the most effective way.

The journey has just started with more reviews under way and the process will no doubt evolve, but after some scepticism from some parties, all are as one about the benefits the Healthy Organisation audit brings to their organisations.

All “four local authorities acknowledge the benefits of this audit”

adding value





Ian Baker • Director of Quality



Adding Value - through Collaboration

I'm sure we're all familiar with the saying "two heads are better than one". At SWAP we believe in taking that further! Of course our partner organisations already benefit from being a part of the largest internal audit partnerships in UK local government. It allows us to benchmark, compare and share best practice and learning opportunities across our partnership.

That's one of the massive benefits of partnership working, but we wanted to take this obvious advantage to a new level. The pluses of partnership working are clear for all to see, but in order to maximise the opportunity to add value to our partner organisations, five major Internal Audit partnerships have come together from around the Country under the collective banner 'Audit Together' (the Group).

Whilst each partnership has on their own been very successful, they recognise the benefit of being able to share their findings and intelligence with up to 32 Local Councils, including a good mix of County, Unitary and District Authorities, allowing for effective benchmarking exercises to be completed within the Group.

The aim of the Group is to provide support and intelligence for each partnership with a view to taking advantage of efficiencies, through sharing

and cooperation. In doing so the Group aim to enhance the value added to their partner organisations. The Group have no obligations other than their desire to share knowledge to help and support one another for the mutual benefit of their owners and the public.

Currently collaborators in addition to SWAP, who cover Dorset, Herefordshire, Somerset, Wiltshire and parts of Devon and Gloucester, includes:

- Devon Audit Partnership (DAP) in Devonshire
- Shared Internal Audit Services (SIAS) in Hertfordshire
- Southern Internal Audit Partnership (SIAP) in Hampshire
- Veritau Ltd – in Yorkshire

The Group produces a quarterly bulletin, providing an Internal Audit View, for the benefit of all Partner organisations. The Group plans to expand to include another two partnerships in 2016/17 and create a shared Website that is currently in development!

“Audit Partnerships - Collaborating to Improve Services”



careers at SWAP





Careers at SWAP

As an organisation that provides professional services we seek to employ only the best individuals and aim to create an outstanding working environment to attract and retain high quality internal auditors. This allows us to continue to deliver the high standards that our customers expect, as well as having staff that wish to belong to an organisation that delivers a cutting edge internal audit service.

Over the last year we have continued to invest in our staff. We have over fifty staff that work with us all year as well as a range of casual staff who join us as and when we need them. Our team is made up of professionally qualified chartered auditors, accountants, fraud examiners and IT experts all of whom enable us to deliver a service that our customers value.

Every year we ask our staff to tell us how we are performing across a range of areas. We use the feedback to ensure that our staff feel confident and motivated to deliver across our business.

As part of our commitment to our staff we continue to help them develop and improve their skills. This is achieved by either supporting them to become professionally qualified, or by helping them to become more confident in leading their teams to ensure that our customers get the best value and quality they expect from our service.

As at the 31st March 2016, 62% of our staff hold professional qualifications in internal audit or other appropriate certifications that help us deliver the service that our customers desire. 45% of those that aren't professionally qualified are currently studying.

During the year we have launched e-learning across our business, allowing staff to access a range of material available for both work related and personal development. This has helped motivate and retain staff in ensuring that their training needs are met.

We work closely with the Morgan Kai Group with a number of our staff who are qualified to deliver training across the globe on their audit management software – MK Insight. This ensures our staff have an intimate understanding of our audit management system which ultimately benefits our customers.

"62% of our staff hold professional qualifications in internal audit"

combating fraud

A large, blue-tinted image of a hand with the palm facing forward, with the word "STOP" overlaid in large, bold, blue capital letters. The hand is positioned in the center of the page, with the fingers spread. The background is a solid blue color with a subtle pattern of small, light blue circles. The word "STOP" is centered over the palm of the hand.

STOP



Combatting Fraud

PREVENT • DETECT • DETER

Within the Autumn Statement, published in December 2013, the Government announced the formation of a Single Fraud Investigation Service (SFIS). Many Local Government staff employed in Revenues teams to investigate primarily Housing Benefit Fraud, were transferred to the Department for Work and Pensions (DWP), who are now responsible for the detection and investigation of all benefit related fraud.

On announcing SFIS, the Government said they would invest in local government's capacity to tackle non-benefit fraud. The Department for Communities and Local Government (DCLG) invited Local Authorities to submit proposals for funding to deliver financial savings through counter fraud activities. Proposals needed to achieve efficiencies and transformation through partnership working between Local Authorities and/or with other public and private sector partners.

As a consequence, three of SWAP's partners submitted a successful bid with SWAP and formed the South West Counter Fraud Partnership

(SWCFP). Working together the SWCFP is able to provide:

- Economies of scale and reduced costs
- Better targeting of limited resources
- Better use of technology and cross partner data analysis
- Sharing knowledge and best practice
- Fraud training and awareness sessions for both staff and Members

The SWCFP provide a proactive and reactive response to fraud and undertake investigations of potential fraud or irregularities. We would welcome enquiries from other organisation, so if you think we might be able to help you in any way, give us a call to discuss your requirements.

“The SWCFP provide a proactive and reactive response to fraud”

meet the team



Gerry Cox CFIIA, QIAL, CIA, CRMA • Chief Executive Officer

Former Chairman of the Board of the Global Institute of Internal Auditors and previously served as the Institute of Internal Auditors - UK and Ireland's President for two terms. Gerry has served as a Head of Audit in Local Government and has more than 30 years of Internal Audit Experience.



Ian Baker CMIIA, QIAL, CIA, FMS • Executive Director

A Chartered Internal Auditor and Fellow Member of the Institute of Management Services. Ian has over 30 year's Local Government experience with 20 years in a senior audit role. A former Head of Audit, Ian is now an Executive Director with focus on Quality and Delivery.



David Hill CMIIA, QIAL, CIA • Executive Director

A Chartered Internal Auditor, David has worked as an Auditor with the Local Government arena for 30 years. A former Head of Internal Audit, David is now an Executive Director with focus on Planning and Performance.



Rupert Bamberger CMIIA, QIAL, CA • Assistant Director

A Chartered Accountant and Chartered Internal Auditor who has worked with a range of public sector clients including Councils, Police and Fire Authorities and a number of Greater London Authority organisations.



Lisa Fryer ACA • Assistant Director

A Chartered Accountant with 4 years in Practice, then 10 years of Financial and Management Accounting experience in both the public and private sectors. For the last 10 years Lisa has been an Internal Audit Manager, leading a team in the Public Sector, with responsibility for a range of clients



Jo George CMIIA, QIAL, CIA • Assistant Director

A Chartered Internal Auditor who has worked with a diverse base of audit clients in both the public and private sector. Jo has over 20 years audit, finance and governance experience. Jo is also an accredited trainer delivering training to national and international clients.



Jacqui Gooding CMIIA, QIAL, CIA, CFE (ACFE) • Assistant Director

A Chartered Internal Auditor and Certified Fraud Examiner with 13 years of Internal Audit experience working in the public sector with the last five of those as an Internal Audit Manager. Jacqui is the Partnership's lead on Fraud.



Moya Moore CMIIA, ACA, QIAL, CIA • Assistant Director

Chartered Internal Auditor with over 15 years of Audit experience, in both the public and private sectors. As well as being a member of the ICAEW and IIA, Moya is a member of South West IIA Board. She is also an accredited trainer who has delivered training to national and international clients. Moya is responsible for new business within the partnership as well as overseeing a range of partners and clients.



Jenny Strahan CISA, BSc (Hons) • Assistant Director

Has around 20 years Internal Audit and ICT experience gained in both the public and private sector across a range of services and clients. Jenny is a member of the IIA and ISACA.



Alastair Woodland LLB, CIA, PIIA, MAAT • Assistant Director

Has over 12 years of Internal Audit experience. For the last 5 years as an Internal Audit Manager, leading a team in the Public Sector, with responsibility for a range of clients.



Chris Gunn • Company Secretary

Worked as an Auditor in Local Government for more than 20 years. A former Head of Internal Audit, Chris now acts as Company Secretary.



the future



Looking Forward

SWAP exists to serve our owners, clients and the public. Our aim is to continue to grow in order to maintain and improve the quality and effectiveness of our services. Striking the right balance between how much our services cost and the quality and value we can deliver is absolutely paramount. As others look to cut costs by reducing coverage or quality, our focus is on improving our services at no extra cost or, wherever possible, at a lower cost. We will do this by attracting more customers and

partners, helping to spread our overheads and producing better economies of scale.

Our counter-fraud partnership is now well established and is starting to attract new partners and customers. With our specialist expertise we believe we have a unique opportunity to help our partners and clients in tackling and controlling fraud.



DURING 2016/17 WE AIM TO:

- ➔ Continue to grow the number of partners, where it makes sense to do so for all concerned.
- ➔ Offer our services to even more public sector clients, including fire, police, academies and other government organisations.
- ➔ Grow our private sector business further.

the numbers



“Revenue up for second successive year”

Financial Performance

The Company had a solid year with turnover stabilising, moving from £2,563,132 (2014/15) to £2,510,957 (2015/16). Despite higher than expected restructuring costs, we still managed to achieve a significant operational surplus of £50k.

The 2015/16 full audited accounts for the Company will be uploaded to our website, but a summary of our income and expenditure unaudited figures are shown below:

“Another year of no partner fee increases”

2015/16 FINANCIAL YEAR	BUDGET	UNAUDITED YEAR END FIGURES
INCOME		
PARTNER	£2,291,214	£2,306,244
NON - PARTNER	£160,000	£109,803
OTHER INCOME	£4,900	£3,711
INCOME FRAUD PARTNERSHIP	£0	£91,200
TOTAL INCOME	£2,456,114	£2,510,958
EXPENDITURE		
STAFF RELATED COSTS	£2,171,408	£2,191,209
BUILDING COSTS	£20,424	£27,308
ADMINISTRATION COSTS	£98,410	£90,266
LEGAL AND PROFESSIONAL FEES	£80,060	£61,173
COSTS OF FRAUD PARTNERSHIP	£0	£90,677
TOTAL EXPENDITURE	£2,370,302	£2,460,633
PROJECTED SURPLUS/(DEFICIT)	£85,812	£50,325

Internal Control

The Board is collectively accountable for maintaining a sound system of internal control that supports the achievement of the SWAP's objectives, and is responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system. A key element in that flow of assurance is the annual opinion from the Company's Internal Auditors the Devon Audit Partnership.

Internal Audit report for the South West Audit Partnership 2015/16

I can confirm that we have now completed our internal audit of the accounting arrangements for the South West Audit Partnership (SWAP) for the financial year ended 2015/16. I am pleased to report that our audit did not find any areas of concern and I am confident that the processes in place are adequate to support SWAP's annual report and financial statements.

The purpose of our audit was to review the systems of financial and other controls over the Partnership activities and to provide an opinion as to whether the operating procedures are working effectively and satisfactorily. Our work was undertaken in accordance with the Public Sector Internal Audit Standards.

As part of the audit work we undertook an assessment of compliance with relevant procedures and controls and our findings are based on the areas examined and appropriate sample checking.

Key Findings

Our audit concluded that accounting statements prepared during the year were prepared on the correct accounting basis, were supported by an adequate audit trail from underlying records, and debtors and creditors were properly stated. All financial transactions relating to SWAP are recorded using the SAGE Financial Information Management System (FIMS) operated within the Partnership.

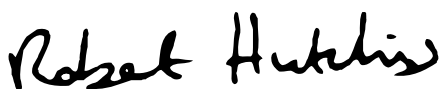
Orders are raised via FIMS and authorised by a member of SWAP's senior management team. Goods are receipted via the system and matched to the service/goods provided. Invoices are received and certified by the SWAP Admin staff and authorised by one of the SWAP senior management team. A number of SWAP staff have procurement cards and statements are checked and reviewed by the admin staff and authorised by one of the senior management team. A review of a sample of procurement card payments confirmed that good systems of control were in place and purchases coded correctly.

Invoices are raised via the FIMS system and all income receipted and recorded on the system. Payroll transactions are managed through South Somerset District Council and fed into FIMS on a monthly basis. A robust payroll checklist is maintained to administer and monitor the payroll on a monthly basis. Regular bank reconciliations are performed and monthly budget monitoring reports are produced to ensure transactions are accurately recorded and any variances investigated and resolved.

From a review of the FIMS system reports, sample checking of invoices and payments, and the professional services provided by Francis Clark, Chartered Accountants, my view is that the internal control framework is satisfactory and that the accounts will fairly represent the transactions of SWAP for the 2015/16 financial year.

The Partnership has maintained a strategic risk register for a number of years, and the register is reviewed and updated on an annual basis and is a standing item taken to the quarterly board meetings. This identifies key strategic risks, current mitigating control measures and responsibility for managing those risks.

Yours sincerely



Robert Hutchins • Head of Devon Audit Partnership



SWAP Company Directors

Executive Directors

Gerry Cox	Chief Executive
Ian Baker	Director of Quality
Dave Hill	Director of Planning

Non-Executive Directors

Mark Taylor	Dorset County Council
Simon Davey	East Devon District Council
Paul Jones	Forest of Dean District Council
Peter Robinson	Herefordshire Council
Adam Savery	Mendip District Council
John Symes	North Dorset District Council
Alison Monteith	Sedgemoor District Council
Martin Gerrish	Somerset County Council
Donna Parham	South Somerset District Council
Richard Sealy	Taunton Deane Borough Council
Jason Vaughan	West Dorset District Council
Julie Strange	Weymouth and Portland Borough Council
Paul Fitzgerald	West Somerset Council
Michael Hudson	Wiltshire Council
Dawn Hill	Member Representative
Brian Jones	Member Representative



SWAP

INTERNAL AUDIT SERVICES

Assuring – Improving – Protecting

South West Audit Partnership Limited
Yeovil Innovation Centre
Barracks Close • Copse Road
Yeovil • Somerset • BA22 8RN

Direct Line: 01935 385906

E-mail: enquiries@southwestaudit.co.uk

www.southwestaudit.co.uk

The South West Audit Partnership Limited (SWAP) is a publically owned company, limited by guarantee. SWAP is jointly owned by: Dorset County Council, East Devon District Council, Forest of Dean District Council, Herefordshire Council, Mendip District Council, North Dorset District Council, Sedgemoor District Council, Somerset County Council, South Somerset District Council, Taunton Deane Borough Council, West Dorset District Council, West Somerset Council, Weymouth and Portland Borough Council, Wiltshire Council

Briefing note for new and prospective members of Devon Audit Partnership

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

- Section 5 of the Accounts and Audit Regulations (England) Regulations 2015 which states that “.....a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.....”
- Section 151 of the Local Government Act 1972, which requires every local authority to make arrangements for the proper administration of its financial affairs.

Devon Audit Partnership (DAP).

This is a shared service arrangement between Devon, Torbay and Plymouth constituted under section 20 of the Local Government Act 2000; DAP was founded in April 2009.

Devon County Council acts as “host” to the Partnership, and provides services such as payroll, insurance, HR and legal services

Governance Arrangements

Partnership Committee – 2 x members from Plymouth, Torbay and Devon, plus one “non-voting” member from Torridge. Terms of reference are:-

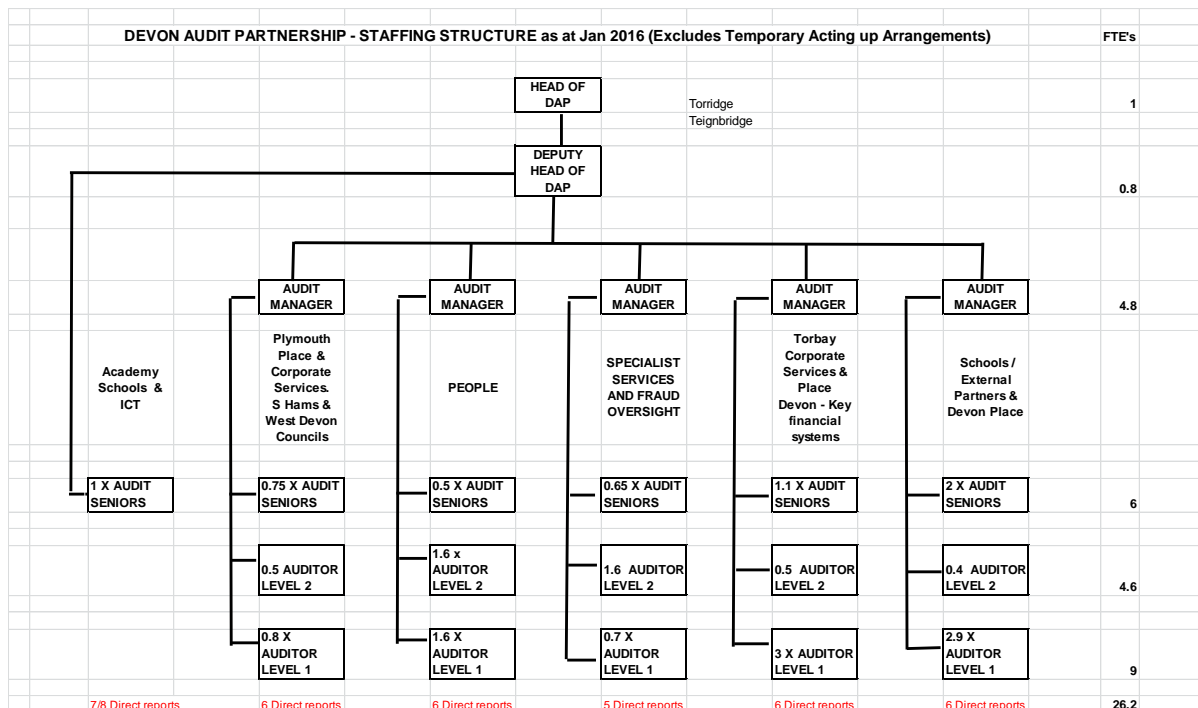
- Receive and consider reports from the Management Board, the Head of Internal Audit Partnership, External Audit and the Host Council
- Approving the annual accounts of the Partnership
- Approving the budget in respect of the Audit Partnership functions
- Approving the future appointment and dismissal or removal of the Head of Internal Audit Partnership.
- Approving changes to the Partnership Client base, trading agreements, charging policies and other necessary matters pertaining to the future operations of the Partnership
- Resolving any disputes that are still unresolved after reference to the Management Board

Partnership Board – S151 officer from Plymouth, Torbay and Devon, plus the S151 officer from Torridge (but as a non-voting representative), plus the Head of Partnership.

- Recommending the budget subject to the Partnership approval
- Approving all changes to budgets subject to the approval of the Partnership where appropriate
- Receiving and approving performance reports from the Head of Internal Audit Partnership
- The carrying out of any Performance Reviews
- Setting and reviewing the performance of the Partnership
- Resolving Disputes
- Accommodation responsibility

Head of DAP = Robert Hutchins – delivers the objectives and targets set by the Board and Committee and manages the operation of the Partnership.

Team – 28 or so



Partners – Plymouth, Devon, Torbay and Torridge as a non-voting member.

Clients – many – include Police, Fire, Academy schools, maintained schools, Dartmoor and Exmoor National Parks, support South Hams, West Devon and Teignbridge councils, various EU projects for organisations such as University of Plymouth, Cornwall Council

Since creation the Partnership has:

- Brought together 3 teams into 1; introduced an electronic, partnership wide, audit management system; restructured and reduced managerial posts.
- Have substantially and successfully reduced costs to Partners - **£2.3m saving since 2009.**
- Have maintained input (days), improved quality (Customer Service Excellence) and maintained and developed professional standards (IIA accredited);
- Built on our client base, and now serve 19 organisations.
- Have had a healthy turnover of staff, but have been able to retain and recruit quality staff.

Professional Standards

We work to professional guidelines which govern the scope, standards and conduct of Internal Audit as set down in the Public Sector Internal Audit Standards (the PSIAS). We have been externally assessed as “conforming” to these standards.

Improvement Programme – DAP maintains a rolling development plan of improvements to the service and customers. Our development plan is regularly updated and a status report was reported to the Management Board in October 2015.

Performance Indicators

We have a set of performance indicators that measure

- The percentage of plan commenced
- The percentage of plan completed
- The percentage of time spent by the team that is “chargeable” i.e. on audit duties
- The percentage of draft reports issued within our 15 day target
- The percentage of Final reports issued in our 10 day target
- Staff turnover
- Staff sickness
- Spend against agreed budget

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

Customer Service Excellence

DAP has been successful in re-accreditation by G4S Assessment Services of the CSE standard during the year.

We issue client survey forms with our final reports. 99% replied as “satisfied” or better across our services.

Adding Value

We have had some very complimentary feedback some of the specific examples of where our team have been able to add value to the Council include:-

‘It was useful to have the opportunity to discuss areas for development and have confirmation that standards are being met through the use of our new income management software’.

‘The auditor was very professional and balanced in their observations which made the process very useful - especially as a newly appointed manager’

Fraud Prevention and Detection

Counter-fraud arrangements are a high priority for the Council.

We work to support the National Fraud Initiative (NFI), which matches data between organisations.

We carry out Proactive anti-fraud work and produce Fraud bulletins. We have identified losses that have since been recovered (£11,000 in one instance).

DAP also takes part in regional networking activities representing its partners (Devon, Plymouth and Torbay) e.g. West of England Chief Auditors Fraud Sub Group.

The Future

The Partners have agreed to an extension of the Partnership for a further 7 years from April 2017, with a review after 5 years.

The contract is currently being drawn up, with the aim being to have a “rolling” contract that enables the Partnership to enter into longer term contracts in an effective manner.

Joining and Leaving

The Partnership agreement allows for other organisations to join the Partnership in a relatively simple manner.

In order to ensure that the Partnership can plan effectively in the way it delivers services, our agreement requires Partners to provide 12 months’ notice if they wish to leave the Partnership.

Funding levels

The Partnership has successfully delivered considerable savings. As stated earlier the partners have saved £2.33m based on the former internal audit costs at each authority pre April 2009.

DAP day rate remains below the national average; the CIPFA 2014/15 average cost per audit day was £298; the cost of DAP was £259 per day.

It is important that internal audit remains “relevant” – the need to make financial savings in previous years is recognised and has been achieved; careful consideration will be required when setting future funding levels to ensure that the service is properly financed to continue to provide professional, effective, pro-active and value added services.

There will be pressure to reduce audit days, however this must be considered against sound risk management processes and the need to have effective and adequate independent assurance to meet Senior Management, s151 Officer and Audit Committee requirements.

Making it better going forward.

The Partnership has worked well, the benefits of partnership working are clear and we are keen to add to our partner base. However, our location, in the Devon area does bring with it challenges to further expansion.

DAP have met with representatives from Audit West (AW), an audit and assurance partnership between North Somerset and Bath & North East Somerset (BANES) and hosted by BANES, and consider that there is benefit from working with AW in the form of a “strategic alliance”.

The Alliance will be focussed on growth of both partnerships by widening the areas of expertise of assurance based services. Initially the following areas have been identified as “early wins” –

- Information Governance (Information Security, Data Protection, FOI, Records Management)
- Business Continuity (Planning & Testing);
- Financial Assessments (Viability Checks and Procurement Exercises);
- Business Rates (Growth Opportunities and Data Integration);
- Grant Return (Certification & Audit).

Robert Hutchins

Head of Devon Audit Partnership

Robert.hutchins@devon.gov.uk

01392 383000

This page is intentionally left blank

AUDIT COMMITTEE 24 JANUARY 2017

PROGRESS UPDATE ON THE ANNUAL GOVERNANCE STATEMENT ACTION PLAN

Cabinet Member Cllr Clive Eginton, Leader
Responsible Officer Catherine Yandle, Internal Audit Team Leader

Reason for Report: To provide the Committee with an update on progress made against the 2015/16 Annual Governance Statement Action Plan.

RECOMMENDATION(S): The Committee note the progress update

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

Financial Implications: None arising from this report.

Legal Implications: None arising from this report.

Risk Assessment: Failure to monitor 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 since the Audit Committee approved it in July 2016.
- 1.2 The Action Plan is attached as Appendix A and progress updates have been noted on the document.
- 1.3 Any outstanding recommendations will be incorporated into the Annual Governance Statement for the 2016/17 financial year, which will be presented in draft to the Audit Committee at their meeting in May 2017.

Contact for more Information: Catherine Yandle, Internal Audit Team Leader ext 4975

Circulation of the Report: Management Team and Cllr Clive Eginton

List of Background Papers: None

This page is intentionally left blank

Action Plan: Actions for 2016-2017

Performance and Risk Management			
<ul style="list-style-type: none"> The Corporate Plan risk assessment needs to be taken to Management Team and then for the risks to be entered onto SPAR The risks from the Service Business Plans need to be entered onto SPAR 			
Agreed Approach	Responsible Officer	Target Date	Progress
1. Take the Corporate Plan risk assessment to Management Team	Head of Communities and Governance	End June 2016	The necessity for this was reviewed in the light of 2 and 3 below; it is felt that these actions fulfil this.
2. Review the risks in the service business plans	Internal Audit Team Leader	End June 2016 - Done	This is done as part of every audit. But was also done to address the following task.
3. Enter the Corporate and service risks onto SPAR	Internal Audit Team Leader	End June 2016 - Done	The new risks and PIs were entered on SPAR as far as possible in time to report for the June quarter end.
4. Ensure that any risks associated with exit from the EU are fed into the risk register as and when the picture becomes clearer and take action to mitigate those risks, where appropriate	Management Team	As and when appropriate	Still unknown at present

Business Planning

Suggestions for improvement:

- Review and improve the service business plan template

Develop a timetable for key dates throughout the year i.e. business plan preparation, training plans, budget preparation, etc.

Agreed Approach	Responsible Officer	Target Date	Progress
5. Review and improve the service business plan template	Head of Communities and Governance	End July 2016 - Done	An all day workshop to present Service Business Plans was held at Senior Officer Forum on 14 April with renewed formats and peer review/questions
Develop a timetable for key dates throughout the year i.e. business plan preparation, training plans, budget preparation, etc.	Head of Communities and Governance	End July 2016 - Done	This exist, there are separate timetables for Training plan template completion (October) and Budgets (February)

Staff			
Suggestions for improvement: <ul style="list-style-type: none"> • Deliver the actions set out in the staff survey action plan 			
Agreed Approach	Responsible Officer	Target Date	Progress
7. Deliver the actions set out in the staff survey action plan	Director of Corporate Affairs & Business Transformation	End October 2016 March 2017	A new survey was carried out with a closing date of 9 December 2016. Comparison of the results with last year's survey will be carried out to identify the direction of travel.

Constitution/Members**Suggestions for improvement:**

- Training provided for officers re the new Constitution

Review and update the complaints process for complaints about Councillors

Agreed Approach	Responsible Officer	Target Date	Progress
8. 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	Head of Communities and Governance	End July 2016 - Done	The amended constitution was approved by Standards in February 2016 with briefings on the code of Conduct and Register of Interests completed by the end Of October 2016
9. Review and update the complaints process for complaints about Councillors and present to the Standards Committee for approval	Director of Corporate Affairs & Business Transformation	End September 2016 March 2017	There is a Standards meeting on 25 January which is addressing this.

This page is intentionally left blank

AUDIT COMMITTEE 24 JANUARY 2017

INTERNAL AUDIT PROGRESS REPORT

Cabinet Member Cllr Peter Hare-Scott
Responsible Officer Audit Team Leader, Catherine Yandle

Reason for Report: To update the Committee on the work performed by Internal Audit for the 2016/17 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 2016/17 to 2019/20 and annual work plan for 2016/17 were presented to the Audit Committee at its meeting on 15 March 2016, where they were approved.
- 1.2 The purpose of this report is to provide the Committee with a progress report on performance against the 2016/17 Internal Audit work plan for the period from 1 April to 31 December 2016.
- 1.3 It should be noted that a previous item on this agenda has a bearing on the extent to which the agreed Audit Plan can be achieved; the performance information in section 2.5 below reflects this.

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 usually

carried out annually. Trade Waste and Car Park Income are carried out biennially for the same reason.

2.2.2 The opinions for the first 3; Housing Benefits, Payroll and ICT are included in full in section 3 below.

2.2.3 The Council Tax /NNDR and ICT Core audits have been commenced.

2.3 Systems Audits

2.3.1 Systems Audits have been completed for Refuse & Recycling, Stores and Data Protection & Information Security, Private Sector Housing, Cemeteries & Bereavement Services, Standby, Voids management, Licensing, Sickness & Other Time Off, Land Charges, Lettings, Members' Allowances, Gifts & Hospitality and Exe Valley Leisure Centre.

2.3.2 No further work on Systems Audits will take place until the Core Audits are complete.

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.

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 2 investigations and sat on 3 job evaluation panels so far this year.

2.4.4 The Audit Team Leader attends the Corporate Health & Safety Committee as Risk Advisor. The 2 Auditors take turns attending the ICT User groups.

2.4.5 One Auditor has become a Unison representative which involved 5 days training initially and monthly meetings on an on-going basis.

2.5 Performance Indicators

2.5.1 As at the end of December 2016 the Internal Audit PIs are as follows:

	Predicted	Target	Current	Target
Core	100%	100%	44%	50%
System	69%	80%	61%	67%

2.5.2 The Core audits are scheduled to be completed in March but not all the system audits in the work plan will be completed, it is intended to prioritise VAT, Enforcement and District Officers with the Committee's agreement.

2.5.3 Approximately 45 extra days work has been done on 3 audits brought forward from 2015/16 and 4 audits that took a bit longer than scheduled this year which has affected the number of audits completed.

- 2.5.4 Fifteen post-audit surveys have been sent out to clients; eleven have been returned scored as 4-5 for all questions, meaning they were satisfied or very satisfied with the process. Two are still being followed up and two referred to timing difficulties which were fair comments and have been noted.

3.0 Audit Opinions

The following opinions have been issued since the last report:

3.1 Housing Benefit

- 3.1.1 The process in place for monitoring and chasing Housing Benefit overpayments carried out by the Benefit Assessors and Supervisors is robust and well managed, through the use of CRM and a workflow process.
- 3.1.2 This area of Housing Benefit overpayment is particularly difficult to recover, as there is a threshold (set by DWP annually) that cannot be exceeded for the amount recovered from on-going benefit, therefore it can take a long time to claw back any money which has been overpaid. If the person is in employment it is possible to apply a direct earnings attachment, this has been helpful in obtaining repayment of overpayments and is applied wherever possible. Overpayments of over £2,000 as a result of fraud, are referred to DWP for investigation/prosecution. However, it is disappointing that for the cases referred, it is very rare that they result in prosecution.
- 3.1.3 As mentioned, debts are regularly monitored and are only written off when the point has been reached where collection is unlikely or uneconomical, and in line with the Financial Regulations.
- 3.1.4 The reconciliations between the Housing Benefit System and e-Financials continue to be carried out in a timely manner and any variances are investigated and quickly resolved; the provision for bad debt is prudent.
- 3.1.5 It is the overall opinion of the auditor that the Housing Benefits System is well controlled. There were no recommendations on this audit.

3.2 Payroll

- 3.2.1 The Payroll service continues to operate well and has robust processes in place. Systems access is well controlled, the year-end processes are well documented and the parameter changes which take place at the beginning of each financial year are verified and checked to ensure accuracy.
- 3.2.2 All Real Time Information (RTI) Submissions made by Payroll to HMRC have been carried out and sent within the given time lines.
- 3.2.3 One of the weaknesses highlighted in previous audits has been the lack of publishing regularly updated establishment listings, which was partly due to system limitations. The testing and implementation of third party software has helped to address this issue, although some manual intervention is still required. However, it is an improvement on the previous process and the System Administrator will be looking at ways to further automate the

procedure and agree a timetable with the HR Business Partners to publish updated structure charts.

3.2.4 It is the overall opinion of the auditor that the Payroll system is well controlled.

Summary of Recommendations		
High	Medium	Low
0	2	0

3.3 Car Park Income

3.3.1 The process for approving the pricing increases for car parking has been comprehensive, and was extensively reviewed by the Car Parking working group, and the procedure for approval by Cabinet has been followed correctly.

3.3.2 The reconciliation of the income for pay and display car parks is completed on a monthly basis and in a timely manner by the Accountant responsible for posting the car parking income. Any differences between the amounts collected and amounts banked are recorded as overs or unders, in line with a recommendation from the previous audit.

3.3.3 In July 2016, an issue was identified with the number of vends recorded in 4 car parks as they seemed to be incorrect. Further investigation by the Accountant revealed that there had been a problem with the software installed in the P&D machines and the supplier was contacted. Due to a technical issue, the data for vends was 'lost'. After meeting with the supplier, they have given assurances that their technicians have been reminded of the correct procedure when updating the software. The bankings were unaffected.

3.3.4 The collection and counting of money from the pay and display machines is carried out by one contractor according to an agreed schedule, but the machines are owned by a different contractor. The Environmental Enforcement team and Accountant responsible for the car parking income reconciliations have recently been given online access to the P & D machine company's system which records the time and date of all collections which will help to monitor the number of vends and pick up any potential anomalies much more quickly.

3.3.5 Areas for improvement would be to populate the Pay & Display Cash Receipts spreadsheet promptly and deal with any missed collections or discrepancies, as they occur, by liaising with the appropriate contractor to resolve any issues. Invoices should then be monitored to ensure that we are only paying for services received and that credit notes are being received for all missed collections.

3.3.6 It is the overall opinion of the auditor that the Car Parking Income system is adequately controlled.

Summary of Recommendations		
High	Medium	Low
0	5	0

4.0 Conclusion

- 4.1 We will continue to monitor and report on our progress at each Audit Committee meeting. Outstanding audit recommendations are summarised at Appendix 1. Overdue recommendations are 24% @ 31 December compared to 26% @ 31 October.
- 4.2 High Priority deadlines may only be extended with the Audit Committee's agreement. 3 have been made so far this year. The Head of Service has asked to extend the high priority recommendation on Data Protection to the end of March as training on GDPR is being undertaken on 12 January which will then be cascaded to senior officers.
- 4.3 Where there are insurmountable issues making achieving targets impossible then managers needed to bring these issues to the attention of the Chief Executive.

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

This page is intentionally left blank

Incomplete Audits	Year	Recommendations											
		High			Medium			Low			Total		
		C	N	O	C	N	O	C	N	O	C	N	O
Appraisals & Training	2015	1			13	1		2			14	3	0
Cemetaries & Bereavement	2016				2		3				2	0	3
Council Tax/NNDR	2015				3	1	1				3	1	1
Corporate Health & Safety	2015	1			5		4	2			8	0	4
Data Protection	2016			1	2		1				2	0	2
Emergency Planning	2015				1	1		2	1		3	2	0
FOI	2015		1		1		1		1		1	2	1
Income & Cash Collection	2015				2		2				2	0	2
Insurance	2015				2	1	2			1	2	1	3
Legal Services	2015				2		2				2	0	2
Leisure CVSC	2015				5		1				5	0	1
Leisure EVLC	2016				1		5				1	0	5
Licensing	2016	1			5	1					6	1	0
Procurement	2016	1			4					1	5	0	1
Recruitment & Selection & JE	2015				6	1		4		1	10	1	1
Refuse & Recycling	2016						1			2	0	0	3
Sickness & Other Time Off	2016				4	4					4	4	0
Standby	2016				2		1				2	0	1
Stores	2016				1					1	1	0	1
Time Recording	2014				8		1				8	0	1
Tiverton Pannier Market	2014				7		2	2			9	0	2
Trade Waste	2015				3		5				3	0	5
Vehicles & Fuel	2015	5			4	1	2				9	1	2
		9	1	1	83	11	34	10	4	6	102	16	41

CORE
SYSTEM

C = Completed [64%](#)
N = Not yet due [10%](#)
O = Overdue [25%](#)

This page is intentionally left blank

AUDIT COMMITTEE 24 JANUARY 2017

PERFORMANCE AND RISK FOR 2016-17

Cabinet Member Cllr Peter Hare-Scott
Responsible Officer Director of Corporate Affairs & Business Transformation,
Jill May

Reason for Report: To provide Members with an update on performance against the corporate plan and local service targets for 2016-17 as well as providing an update on the key business risks.

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

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

Financial Implications: None identified

Legal Implications: None

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

1.0 Introduction

- 1.1 Appendices 1-5 provide Members with details of performance against the Corporate Plan and local service targets for the 2016-17 financial year.
- 1.2 When benchmarking information is available it is included.
- 1.3 Appendix 6 shows the higher impact risks from the Corporate Risk Register. This includes Operational and Health & Safety risks where the score meets the criteria for inclusion. See 3.0 below.
- 1.4 Appendix 7 shows the risk matrix for the Council.
- 1.5 All appendices are produced from the Corporate Service Performance And Risk Management system (SPAR).

2.0 Performance

Environment Portfolio - Appendix 1

- 2.1 The **Residual household waste per household (measured in Kilograms and % of household waste reused, recycled and composted)** are both above target. November figures are not yet available from Devon County Council.
- 2.2 There aren't any figures for the month of November 2016 for chargeable **garden waste** scheme yet. This is to allow for renewals in the month to be completed.
- 2.3 Most of the PIs are above target with only 1 showing below target: **% of missed collections reported per quarter (refuse and organic)**; which is only marginally under target.

Homes Portfolio - Appendix 2

- 2.4 The PI for **Rent Arrears as a Proportion of Annual Rent Debit** is on target and has consistently been in the upper quartile when compared with the New HousingMark National Club benchmarking group.
- 2.5 The PI for the **Average Days to Re-let** time has risen slightly above the target of 16 days; this has been due to the heavy workload experienced for major voids, which has had a knock on effect on the standard voids and therefore the re-let days
- 2.6 Housing tenancy PI's have improved overall from the previous quarter, with only one, **Rent Arrears as a Proportion of Annual Rent Debit**, being slightly under target.

Economy Portfolio - Appendix 3

- 2.7 In this first year for the Economy PDG we are continuing to consider what measures best reflect the Corporate Plan targets but existing metrics are included in Appendix 1.
- 2.8 For **empty shops**, counted at the start of the quarter Q3, there has been little movement over the current year. The UK average in April 16 was 10.1%.
- 2.9 The **funding to support economic projects** reflects MDDC's share of the Exeter & Heart of Devon business support funding (£53,092) and the Devon Enabling Fund (£3,750).

Community Portfolio - Appendix 4

- 2.10 **Compliance with food safety law** is on target which means that 90% of premises were again rated 3 or above under the Food Hygiene Rating Scheme.

- 2.11 The **number of users** of the Leisure centres is above target but the PIs for member numbers and **attrition** rates are below target apart from for Junior Members which was well above target.
- 2.12 The use of **social media** continues to increase.
- 2.13 **Compliance with food safety law** is above target which means that 91% of premises were again rated 3 or above under the Food Hygiene Rating Scheme.

Corporate - Appendix 5

- 2.14 The **days lost due to sickness** have been lower than target and 2015/16 all year which is encouraging.
- 2.15 The **Response to FOI requests** remains on target compared to being 'well below target' for 2015/16 which was due to a vacancy.
- 2.16 The **Planning Performance Planning Guarantee determine within 26 weeks** has been on target for Q2 and Q3 at 100% but unfortunately in Q1 was only 93% so on a cumulative basis appears under target all year.

3.0 Risk

- 3.1 The Corporate risk register is reviewed by Management Team (MT) and updated, risk reports to committees include risks with a total score of 15 or more and all those with an impact score of 5. (Appendix 6)
- 3.2 Appendix 7 shows the risk matrix for MDDC for this quarter. If risks are not scored they are included in the matrix at their inherent score which will be higher than their current score would be.

4.0 Conclusion and Recommendation

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

Contact for more Information: Catherine Yandle Audit Team Leader ext 4975

Circulation of the Report: Management Team and Cabinet Member

This page is intentionally left blank

Corporate Plan PI Report Environment

Monthly report for 2016-2017
 Arranged by Aims
 Filtered by Aim: Priorities Environment
 For MDDC - Services

Key to Performance Status:

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

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

Corporate Plan PI Report Environment																		
Priorities: Environment																		
Aims: Increase recycling and reduce the amount of waste																		
Performance Indicators																		
Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Actual to Date	Head of Service / Manager	Officer Notes
<u>Residual household waste per household (measured in Kilograms)</u>	225.63 (2/4)	424.08	421.00			95.36			185.36	213.96						213.96 (7/12)	Stuart Noyce	(April - October) As recycling continues to perform well residual waste continues to decline. (SN)
<u>% of Household Waste Reuse, Recycled and Composted</u>	52.2% (2/4)	50.6%	52.0%			55.9%			56.2%	55.8%						55.8% (7/12)	Stuart Noyce	(October) Recycling continues to perform well. Rate will reduce over Q3 and 4 which is normal with reduction in garden waste (SN)
<u>Net annual cost of waste service per household</u>		£60.88	£58.17	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a		n/a	Andrew Jarrett, Stuart Noyce	
<u>Number of Households on Chargeable Garden Waste</u>	0 (2/4)	7,021	10,000			8,431			8,533	8,615						8,615 (7/12)	Stuart Noyce	(November) Information supplied a month in arrears. This allows renewals to be completed. (SN)
<u>% of missed collections reported (refuse and organic waste)</u>	0.02% (2/4)	0.02%	0.03%			0.03%			0.03%	0.03%	0.03%					0.03% (8/12)	Stuart Noyce	(October) On target (SN)
<u>% of Missed Collections logged (recycling)</u>	0.08% (2/4)	0.12%	0.03%			0.04%			0.04%	0.03%	0.03%					0.03% (8/12)	Stuart Noyce	(November) above target for month (SN)

Aims: Reduce our carbon footprint

Printed by: Suzanne Kingdom

SPAR.net

Print Date: 22 December 2016 16:31

Corporate Plan PI Report Environment**Priorities: Environment****Aims: Reduce our carbon footprint****Performance Indicators**

Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Actual to Date	Head of Service / Manager	Officer Notes
<u>To improve energy efficiency and continue to reduce consumption by 0.5% post degree day adjustment</u>		3.4%	0.5%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a		n/a	Andrew Busby	

Aims: Protect the natural environment**Performance Indicators**

Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Actual to Date	Head of Service / Manager	Officer Notes
<u>Number of Fixed Penalty Notices (FPNs) Issued (Environment)</u>	6 (2/4)	5				2			3	0	0					0 (8/12)	Stuart Noyce	

Printed by: Suzanne Kingdom

SPAR.net

Print Date: 22 December 2016 16:31

Corporate Plan PI Report Homes

Monthly report for 2016-2017
 Arranged by Aims
 Filtered by Aim: Priorities Homes
 For MDDC - Services

Key to Performance Status:

Performance Indicators:

No Data

Well below
target

Below target

On target

Above target

Well above
target

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

Corporate Plan PI Report Homes

Priorities: Homes

Aims: Build more council houses

Performance Indicators

Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Actual to Date	Head of Service / Manager	Officer Notes
Build Council Houses		14	30	n/a	n/a	0	n/a	n/a	0	n/a	n/a		n/a	n/a		0 (2/4)	Nick Sanderson	(Quarter 2) 4 Houses to be built in Birchen Lane by the end of February 2017, and the remainder of 30 to be built by the end of August 2017. (NS)

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

Performance Indicators

Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Actual to Date	Head of Service / Manager	Officer Notes
Number of affordable homes delivered (gross)	14 (2/4)	27	80	n/a	n/a	16	n/a	n/a	3	n/a	n/a		n/a	n/a		3 (2/4)	Angela Haigh	(Quarter 1 - 2) Quarter two saw the addition of three new shared ownership properties. (NS)
Deliver 15 homes per year by bringing Empty Houses into use	4 (2/4)	8	15	0	1	2	3	5	5	5	10					10 (8/12)	Simon Newcombe, Tanya Wenham	(November) On target (TW)

Aims: Other

Corporate Plan PI Report Homes

Priorities: Homes

Aims: Other

Performance Indicators

Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Actual to Date	Head of Service / Manager	Officer Notes
<u>Local Plan Review</u>	n/a	n/a		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a		n/a	Jenny Clifford	
<u>Number of Successful Homelessness Prevention Cases</u>	154 (2/4)	295	No Target - for information only	n/a	n/a	70	n/a	n/a	136	n/a	n/a		n/a	n/a		136 (2/4)	Angela Haigh	
<u>% Decent Council Homes</u>	99.5% (8/12)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%					100.0% (8/12)	Angela Haigh, Nick Sanderson	(November) On target (SB)
<u>% Properties With a Valid Gas Safety Certificate</u>	100.0% (8/12)	99.9%	100.0%	99.9%	99.8%	99.9%	99.9%	99.8%	100.0%	99.7%	100.0%					100.0% (8/12)	Angela Haigh	(November) The expired property is a long term No Access issue. The property is considered abandoned. MDDC to seek possession for non-payment of rent. (WD)
<u>Rent Collected as a Proportion of Rent Owed</u>	98.8% (8/12)	99.7%	100.0%	95.5%	96.8%	97.3%	97.8%	99.8%	99.6%	99.7%	99.7%					99.7% (8/12)	Angela Haigh	(November) Performance is outside target but it is almost there and is better than it was over the same period last year. (CF)
<u>Rent Arrears as a</u>	1.1% (8/12)	0.7%	1.0%	0.9%	1.0%	1.0%	1.1%	0.1%	1.0%	1.0%	1.0%					1.0% (8/12)	Angela Haigh	

Printed by: Nicola Chandler

SPAR.net

Print Date: 29 December 2016 13:19

Corporate Plan PI Report Homes																		
Priorities: Homes																		
Aims: Other																		
Performance Indicators																		
Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Actual to Date	Head of Service / Manager	Officer Notes
<u>Proportion of Annual Rent Debit</u>																		
<u>Dwelling rent lost due to voids</u>	0.68% (8/12)	0.75%	no target - for information only	0.7%	0.7%	0.7%	0.7%	0.6%	0.6%	0.6%	0.1%					0.1% (8/12)	Angela Haigh	
<u>Average Days to Re-Let Local Authority Housing</u>	15.8days (8/12)	16.3days	16.0days	21.9days	16.8days	17.2days	16.8days	16.3days	15.6days	12.4days	16.4days					16.4days (8/12)	Claire Fry, Nick Sanderson	

Printed by: Nicola Chandler

SPAR.net

Print Date: 29 December 2016 13:19

This page is intentionally left blank

Corporate Plan PI Report Corporate

Monthly report for 2016-2017

Arranged by Aims

Filtered by Aim: Priorities Delivering a Well-Managed Council

For MDDC - Services

Key to Performance Status:

Performance Indicators:

No Data

Well below
target

Below target

On target

Above target

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

Corporate Plan PI Report Corporate																	
Priorities: Delivering a Well-Managed Council																	
Aims: Put customers first																	
Performance Indicators																	
Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Actual to Date	Head Service Manager
% of complaints resolved w/in timescales (10 days - 12 weeks)	100% (2/4)	93%	90%	n/a	n/a	94%	n/a	n/a	89%	n/a	n/a		n/a	n/a		89% (2/4)	Liz Reeve
Number of Complaints	39 (2/4)	95	For information only	55	26	25	16	30	27	26	20					20 (8/12)	Liz Reeve
Planning Applications: over 13 weeks old	36 (3/4)	40	45	n/a	n/a	37	n/a	n/a	39	n/a	n/a	33	n/a	n/a		33 (3/4)	Jenny Clifford
New Performance Planning Guarantee determine within 26 weeks	96% (3/4)	97%	100%	n/a	n/a	93%	n/a	n/a	97%	n/a	n/a	98%	n/a	n/a		98% (3/4)	Jenny Clifford
Response to FOI Requests (within 20 working days)	90% (2/4)	87%	90%	95%	100%	96%	98%	91%	100%	92%	90%					90% (8/12)	Liz Reeve
Working Days Lost Due to Sickness Absence	3.68days (2/4)	8.12days	8.00days			1.71days			3.73days	4.50days	5.17days					5.17days (8/12)	Jill Ma
% total NNDR collected - monthly	80.59% (9/12)	99.10%	99.20%	12.42%	19.96%	33.96%	42.37%	49.64%	61.48%	71.40%	76.81%	84.78%				84.78% (9/12)	John Chum

This page is intentionally left blank

Corporate Plan PI Report Community

Monthly report for 2016-2017
 Arranged by Aims
 Filtered by Aim: Priorities Community
 For MDDC - Services

Key to Performance Status:

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

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

Corporate Plan PI Report Community																			
Priorities: Community																			
Aims: Promote physical activity, health and wellbeing																			
Performance Indicators																			
Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Actual to Date	Head of Service / Manager	Offic Note	
Total number of users is at least 900,000	608,740 (3/4)	824,612	900,000	79,389	157,532	236,901	314,077	383,003	463,739	545,267	631,504	690,620				690,620 (9/12)	Jill May	(Dec 5911	
Operational Recovery Rate	83.76% (2/4)	85.15%	88%			84%			84%							84% (6/12)	Lee Chester		
Adult Zest Members	n/a	n/a	3,800	3,612	3,546	3,607	3,460	3,459	3,418	3,350	3,269	3,248				3,248 (9/12)	Lee Chester	(Dec Direc Debi cvsc evlc Imlc	
Junior Zest Members	n/a	n/a	2,450	2,495	2,460	2,444	2,349	2,301	2,344	2,357	2,340	2,326				2,326 (9/12)	Lee Chester	(Dec cvsc evlc Imlc (LC)	
Attrition Adult Members	n/a	n/a	4.50%	4.48%	4.88%	6.01%	6.59%	4.94%	9.31%	6.90%	5.83%	4.52%				4.52% (9/12)	Lee Chester		
Attrition Junior Members	n/a	n/a	5.00%	4.05%	3.41%	4.58%	4.43%	4.13%	4.74%	4.41%	2.95%	3.31%				3.31% (9/12)	Lee Chester	(Dec cvsc evlc Imlc (LC)	
Introduce Trimtrails across the District	n/a	n/a	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Jill May, Simon Newcombe		

Aims: Other

Performance Indicators																			
Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Actual to Date	Head of Service / Manager	Officer Notes	
Number of social media communications MDDC send out	n/a	n/a	For information only	117	115	67	86	87	95	190	342	293				293 (9/12)	Liz Reeves	(December) No. of Facebook Posts Pub = 153	
Number of web hits per month	0 (3/4)	0	For information only	9,196	9,261	9,523	9,389	15,986	26,856	26,432	26,296	22,671				22,671 (9/12)	Liz Reeves	No. of Tweets Tweet 140 (MA)	
Local Plan Review	n/a	n/a		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a		n/a	Jenny Clifford		
Compliance with food safety law	n/a	n/a	90%	90%	91%	91%	90%	91%	91%	90%	90%	90%				90% (9/12)	Simon Newcombe		

This page is intentionally left blank

Corporate Plan PI Report Corporate

Monthly report for 2016-2017

Arranged by Aims

Filtered by Aim: Priorities Delivering a Well-Managed Council

For MDDC - Services

Key to Performance Status:

Performance Indicators:

No Data

Well below
target

Below target

On target

Above target

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

Corporate Plan PI Report Corporate																	
Priorities: Delivering a Well-Managed Council																	
Aims: Put customers first																	
Performance Indicators																	
Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Actual to Date	Head Serv Man
% of complaints resolved w/in timescales (10 days - 12 weeks)	100% (2/4)	93%	90%			94%			89%	100%	95%					95% (8/12)	Liz Reev
Number of Complaints	39 (2/4)	95	For information only	55	26	25	16	30	27	26	20					20 (8/12)	Liz Reev
Planning Applications: over 13 weeks old	36 (3/4)	40	45	n/a	n/a	37	n/a	n/a	39	n/a	n/a	33	n/a	n/a		33 (3/4)	Jenn Cliffe
New Performance Planning Guarantee determine within 26 weeks	96% (3/4)	97%	100%	n/a	n/a	93%	n/a	n/a	97%	n/a	n/a	98%	n/a	n/a		98% (3/4)	Jenn Cliffe
Response to FOI Requests (within 20 working days)	90% (2/4)	87%	90%	95%	100%	96%	98%	91%	100%	92%	90%					90% (8/12)	Liz Reev
Working Days Lost Due to Sickness Absence	5.71days (3/4)	8.12days	8.00days			1.71days			3.73days	4.50days	5.17days	5.83days				5.83days (9/12)	Jill M
% total NNDR collected - monthly	80.59% (9/12)	99.10%	99.20%	12.42%	19.96%	33.96%	42.37%	49.64%	61.48%	71.40%	76.81%	84.78%				84.78% (9/12)	John Chur

This page is intentionally left blank

Risk Report Appendix 6

Report for 2016-2017

Filtered by Flag: Include: * CRR 5+ / 15+

For MDDC - Services

Not Including Risk Child Projects records or Mitigating Action records

Key to Performance Status:

Risks: No Data (0+) High (15+) Medium (5+) Low (1+)

Risk Report Appendix 6

Risk: Asbestos Health risks associated with Asbestos products such as lagging, ceiling/wall tiles, fire control.

Effects (Impact/Severity):

Causes (Likelihood):

Service: Street Scene Services

Current Status: Medium (5)

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 1 - Very Low

Head of Service: Stuart Noyce

Review Note: Risks largely restricted to trained/professional EH or PSH officers therefore overall status remains low

Risk: Asbestos Health risks associated with Asbestos products such as lagging, ceiling/wall tiles, fire control.

Effects (Impact/Severity):

Causes (Likelihood):

Service: Housing Services

Current Status: Medium (5)

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 1 - Very Low

Head of Service: Nick Sanderson

Review Note: Risks largely restricted to trained/professional EH or PSH officers therefore overall status remains low

Risk Report Appendix 6

Risk: Breaches in HR Legislation Failure to keep Council policies up to date, that complement the appropriate legislation

Failure to develop staff knowledge and competence regarding legislation/changes

Effects (Impact/Severity): - The Council could face poor reports from assurance bodies

- Failure to meet statutory duties could result in paying penalties, stretching already thin financial resources

- Failure to comply with legislation could lead to legal challenge against individuals or the Council as a whole

- Future legislation changes, their impact on services and the cost of implementing changes to policies, procedures and service delivery

Causes (Likelihood):

Service: Human Resources

Current Status: Medium (5)

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 1 - Very Low

Head of Service: Jill May

Review Note: The council employs four Chartered Ins of Personnel and Development (CIPD) staff who undertake regular employment law updates. All policies are reviewed on an three year programme which has slipped lately due to pressure of work (reorganisations, consultations and redundancies) however we always prioritise legislative change. Therefore whilst this is a huge risk it is a risk which is managed.

Risk: Council Finances - Banking Arrangements Problems with banks and online services may affect ability to access funds when we need to send or receive / process payments on a timely basis

Effects (Impact/Severity): Unable to promptly pay suppliers or treasury commitments

Causes (Likelihood): ICT systems down at Council or Bank so impossible to review cash position or make urgent payments

Service: Financial Services

Current Status: Medium (5)

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 1 - Very Low

Head of Service: Andrew Jarrett

Review Note: We use a well established, mainstream bank headquartered in the UK and so it is very unlikely that our banking arrangements will fail for as much as a single day.

Risk: Council Finances - Investments Failure to invest in the Council's funds in an efficient and effective manner may cause potential of a loss of monies invested

Effects (Impact/Severity): • Could result in cash flow loss of up to £3M

Causes (Likelihood): • Future banking collapses

Service: Financial Services

Current Status: No Data

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 1 - Very Low

Head of Service: Andrew Jarrett

Review Note: Cabinet have recently agreed to invest in CCLA

Risk Report Appendix 6

Risk: Council Finances - Treasury Management Failure to comply with the CIPFA Code of Practice on Treasury Management /local authority accounting would be a breach in statutory duty

Effects (Impact/Severity):

Causes (Likelihood):

Service: Financial Services

Current Status: No Data

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 1 - Very Low

Head of Service: Andrew Jarrett

Review Note: Strategy is approved by Cabinet annually. 2015 Audit found no issue with this

Risk: Disability If you have a disabled employee - whether a new appointment or a change in the status of an existing member of staff - you should carry out a Risk Assessment to ensure that their health and safety needs are catered for. Some of the things you should consider in terms of the individual's needs are:

- access to toilet facilities
- access to the kitchen or other refreshment facilities
- safe evacuation in the event of fire
- comfort and ease in carrying out his or her work

Effects (Impact/Severity): Low (2) - A potential employee may be unable to take up a position if the council is unable to meet their specific requirements or prevent an existing employee from returning after absence.

Causes (Likelihood): Very Low (1) – Currently no disabled employees work within ICT. Provisions are in place including a lift, disabled toilets and an accessible refreshment area. The individual needs of any disabled officers would have to be determined on an individual basis.

Service: I C T

Current Status: High (15)

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 3 - Medium

Head of Service: Alan Keates

Review Note: Cannot be fully aware as others may have hidden disabilities.

Risk: Document Retention If documents fail to be retained for the statutory period then we may face financial penalties

Effects (Impact/Severity): • The Council may be disadvantaged in taking or defending legal action if prime documents are not retained;
 • Performance statistics cannot be verified;
 • The external auditor may not be able to verify the Council's final accounts and subsidy may be lost.
 • Mismanagement of burial records

Causes (Likelihood): • "Data debris" cluttering system and storage space

Service: Customer First

Current Status: No Data

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 1 - Very Low

Head of Service: Liz Reeves

Review Note:

Risk Report Appendix 6

Risk: Electrical testing Failure to carry out periodic electrical testing could result in the risk of electrocution or fire.

Effects (Impact/Severity):

Causes (Likelihood):

Service: Housing Services

Current Status: Medium (5)

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 1 - Very Low

Head of Service: Nick Sanderson

Review Note: Every Council property is tested, in line with best practice.

Risk: Failure to comply with card security standards As an organisation we need to comply with the requirements of TrustWave to be authorised as card payment processors.

Effects (Impact/Severity):

Causes (Likelihood):

Service: Customer First

Current Status: Medium (5)

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 1 - Very Low

Head of Service: Liz Reeves

Review Note:

Risk: Fire and Explosion Risks associated with storage of combustible materials, fuels and flammable substances and sources of ignition, as well as emergency procedures (existence, display and knowledge of), accessibility (or obstruction) of emergency exits and walkways to. Also, risks associated with use of fire extinguishers, having correct type in location, in date and trained operatives on site.

Effects (Impact/Severity): Very High (5) – Although the risk is low, a fire in the server or storage room could potentially cause loss of life, have serious financial implications and severely impact the councils ability to provide services due to loss of IT infrastructure.

Causes (Likelihood): Very Low (1) – The likelihood of a fire within ICT is extremely low. No quantities of combustible materials are stored within the work area. There is easy access to the emergency exit and all staff have received fire awareness training.

Service: I C T

Current Status: Medium (5)

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 1 - Very Low

Head of Service: Liz Reeves

Review Note:

Risk: H&S RA - Recycling Depot Operatives Risk assessment for role - Highest Risk scored - Vehicle Movements inside Depot

Effects (Impact/Severity):

Causes (Likelihood):

Service: Street Scene Services

Current Status: Medium (10)

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 2 - Low

Head of Service: Stuart Noyce

Review Note: No incidents or further mitigating actions added.

Risk Report Appendix 6

Risk: H&S RA - Refuse Driver/Loader Risk Assessment for Role - Highest risk from role RA. - Risk of RTA from severe weather conditions

Effects (Impact/Severity):

Causes (Likelihood):

Service: Street Scene Services

Current Status: Medium (10)

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 2 - Low

Head of Service: Stuart Noyce

Review Note: Annual review - No incidents or further mitigating actions added.

Risk: H&S RA - Street Cleansing Operative Risk assessment for role - highest risk from role - Risk of RTA from severe weather conditions

Effects (Impact/Severity):

Causes (Likelihood):

Service: Street Scene Services

Current Status: Medium (10)

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 2 - Low

Head of Service: Stuart Noyce

Review Note: Risk with control measures added

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

Effects (Impact/Severity): • Dissatisfied customers and increase in complaints

- An investigation by DCLG
- Legal costs

Causes (Likelihood): • Social and economic factors like the recession and mortgage repossessions increase the number of homeless.

Service: Housing Services

Current Status: High (16)

Current Risk Severity: 4 - High

Current Risk Likelihood: 4 - High

Head of Service: Nick Sanderson

Review Note:

Risk: Impact of Welfare Reform and other emerging National Housing Policy Changes to benefits available to tenants could impact upon their ability to pay.
Other initiatives could impact upon our ability to deliver our 30 year Business Plan.

Effects (Impact/Severity):

Causes (Likelihood):

Service: Housing Services

Current Status: High (15)

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 3 - Medium

Head of Service: Nick Sanderson

Review Note:

Risk Report Appendix 6

Risk: Inadequate gas appliance maintenance and certification Failure to maintain service of our gas appliances on an annual basis could result in death and prosecution

Effects (Impact/Severity):

Causes (Likelihood):

Service: Housing Services

Current Status: Medium (5)

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 1 - Very Low

Head of Service: Nick Sanderson

Review Note: Legislation requires Landlords to ensure that annual gas safety checks are carried out in properties with any fixed gas appliances regardless of ownership. Within the Councils domestic housing stock this is done in line with the current standards and best practice, and is monitored by the Gas and Database Administrator.

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

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

Effects (Impact/Severity):

Causes (Likelihood):

Service: I C T

Current Status: High (15)

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 3 - Medium

Head of Service: Liz Reeves

Review Note: this should be reviewed 6 monthly, corporate risk is high. Constant checks are in place and firewall etc. but risk of cyber attack constant

Risk: Legionella Legionella

Effects (Impact/Severity):

Causes (Likelihood):

Service: Leisure Services

Current Status: Medium (10)

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 2 - Low

Head of Service: Jill May

Review Note:

Risk Report Appendix 6

Risk: Lone Working Risks associated with working alone (eg on site visits, call-outs, evening, weekend and emergency work and working from home).

Effects (Impact/Severity): Medium (3) – Particularly relates to changing the backup tapes at the St Andrews Site. Potentially, an officer may suffer an injury or accident without support and may not be able to call for assistance.

Causes (Likelihood): Low (2) – Limited lone working is restricted to site visits of other council buildings. Officers working off site place information in the whiteboard as to their whereabouts.

Service: I C T

Current Status: Medium (10)

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 2 - Low

Head of Service: Liz Reeves

Review Note: Lone worker policy refers to checking on staff absent for overdue periods.

Risk: Noise Risk of hearing damage and headaches from high noise levels above 85 decibels and nuisance noise eg Printers, fans.

Effects (Impact/Severity):

Causes (Likelihood):

Service: Street Scene Services

Current Status: Medium (5)

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 1 - Very Low

Head of Service: Stuart Noyce

Review Note: No change

Risk: Pannier market general risk assessment General risk assessment for the market's day to day operation

Effects (Impact/Severity): Score of 5 as there appears to be a movement in the structure causing the glass doors to bow

Causes (Likelihood): Unclear structural survey required

Service: Pannier Market

Current Status: High (16)

Current Risk Severity: 4 - High

Current Risk Likelihood: 4 - High

Head of Service: Zoë Lentell

Review Note: A door gave in on Fri 23 December 2016 but no injuries were sustained.

Risk: Pool Inflatable Pool Activities

Effects (Impact/Severity):

Causes (Likelihood):

Service: Leisure Services

Current Status: Medium (10)

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 2 - Low

Head of Service: Jill May

Review Note:

Risk Report Appendix 6

Risk: School Swimming Sessions School Swimming Sessions

Effects (Impact/Severity):

Causes (Likelihood):

Service: Leisure Services

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

Head of Service: Jill May

Review Note:

Risk: Swimming Lessons Swimming Lessons

Effects (Impact/Severity):

Causes (Likelihood):

Service: Leisure Services

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

Head of Service: Jill May

Review Note:

Risk: Swimming Pool Swimming pool & spectator walkway

Effects (Impact/Severity):

Causes (Likelihood):

Service: Leisure Services

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

Head of Service: Jill May

Review Note:

Risk: Vehicles, Transport, Driving Risk of collisions with other moving or stationary vehicles, cycles and/or pedestrians.

Effects (Impact/Severity):

Causes (Likelihood):

Service: Street Scene Services

Current Status: Medium (5)**Current Risk Severity: 5 - Very High****Current Risk Likelihood: 1 - Very Low**

Head of Service: Stuart Noyce

Review Note: No change

Risk Report Appendix 6

Risk: Widespread fire in block of flats Failure to carry out adequate fire risk assessments on our multiple occupancy properties, could result in widespread fire and death

Effects (Impact/Severity):

Causes (Likelihood):

Service: Housing Services

**Current Status: Medium
(10)**

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

**Current Risk Likelihood: 2 -
Low**

Head of Service: Nick Sanderson

Review Note:

Printed by: Catherine Yandle

SPAR.net

Print Date: 12 January 2017 15:29

This page is intentionally left blank

Risk Matrix

Report
For MDDC - Services
Current settings

Risk Likelihood	5 - Very High	No Risks	No Risks	No Risks	No Risks	No Risks
	4 - High	No Risks	1 Risk	2 Risks	2 Risks	1 Risk
	3 - Medium	No Risks	4 Risks	9 Risks	12 Risks	4 Risks
	2 - Low	2 Risks	12 Risks	34 Risks	13 Risks	10 Risks
	1 - Very Low	7 Risks	11 Risks	11 Risks	18 Risks	13 Risks
		1 - Very Low	2 - Low	3 - Medium	4 - High	5 - Very High
		Risk Severity				

Printed by: Catherine Yandle

SPAR.net

Print Date: 12 January 2017 14:58

This page is intentionally left blank

AUDIT COMMITTEE 24 JANUARY 2017

ARRANGEMENTS FOR THE APPOINTMENT OF EXTERNAL AUDITORS FROM 2017/18

Cabinet Member Cllr Peter Hare-Scott

Responsible Officer Director of Finance, Assets and Resources, Andrew Jarrett

Reason for Report: To decide whether to recommend to Full Council to opt in to the Public Sector Led body to appoint external auditors for five years from 2018/19.

RECOMMENDATION(S): To recommend to Full Council that MDDC accepts Public Sector Audit Appointments' (PSAA) invitation to "opt in" to the sector led option for the appointment of external auditors for up to five financial years commencing 1 April 2018.

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

Financial Implications: The Council's external audit fees are £47,700 for 2016/17, there is a risk that fee levels could increase when the current contracts end in 2018.

Legal Implications: In July 2016, the Secretary of State for Communities and Local Government specified Public Sector Audit Appointments Ltd (PSAA) as an appointing person under regulation 3 of the Local Audit (Appointing Person) Regulations 2015. This means that PSAA can make auditor appointments for audits of the accounts of principal authorities, which choose to opt into its arrangements, from 2018/19.

Risk Assessment: There is no immediate risk to the Council; however, early consideration by the Council of its preferred approach will enable detailed planning to take place so as to achieve successful transition to the new arrangement in a timely and efficient manner.

1.0 Introduction

- 1.1 This is a further update to the report which was presented to the Audit Committee on the 20 September 2016.
- 1.2 On 27 October 2016 the Chief Officer of Public Sector Audit appointments wrote to our Chief Executive making the formal Invitation to opt into the national scheme for auditor appointments. The letter includes useful information about the national scheme which is all included as Appendix A.
- 1.3 The deadline for formal acceptance of this invitation is 9 March 2017 which means that this meeting of the Audit Committee must make its recommendation in order that it can be considered by Full Council at its meeting on 20 February 2017.

- 1.4 For information purposes the Devon Audit Group were contacted on 1 December regarding this matter and as at that date all had decided to opt in except Torbay who hadn't decided then.

2.0 The Options Open to MDDC

Option 1: Undertake a Stand Alone Procurement

- 2.1 In order to make a stand-alone appointment, the Council would need to set up and maintain an Auditor Panel. The majority of the panel members must be independent appointees, which precludes current and former elected members (or officers) and their close families and friends. The Panel role cannot, therefore, be performed by the Audit Committee. The Auditor Panel selects the external auditor and awards the contract.

- 2.2 Although this option would allow the Council to take maximum advantage of the new local appointment regime, there are significant drawbacks:

Disadvantages / Risks

- 2.3 Recruitment and servicing of the Auditor Panel, running the bidding exercise and negotiating the contract is estimated by the LGA to cost in the order of £15,000 plus ongoing expenses and allowances.
- 2.4 The Council would not be able to take advantage of reduced fees that may be available through joint or national procurement contracts.
- 2.5 The assessment of bids and decision on awarding the contract would be made by independent appointees and not solely by elected members.

Option 2: Set up a Joint Auditor Panel / Local Joint Procurement Arrangement

- 2.6 The Act enables the Council to join with other authorities to establish a joint auditor panel. Again, this would need to be constituted of a majority of independent appointees. The advantages of this approach would be shared costs of the panel and procurement exercise, as well as greater opportunity for negotiating economies of scale.

Disadvantages / Risks

- 2.7 The Council is further removed from local input as each participant may only have one elected member representing each Council on the panel.
- 2.8 The choice of auditor could be complicated if independence issues prevented the chosen auditor operating in a Council to which it provides consultancy or advisory services. Should this occur the Council may still need to make a separate procurement with all the associated costs and loss of economies possible through the joint approach.

Option 3: Opt in to the Sector Led Body – PSAA

- 2.9 PSAA has the ability to negotiate contracts with firms nationally, maximising the opportunities for the most economic and efficient approach to procurement of external audit on behalf of the whole sector.

Other advantages include:

- The costs of setting up appointment arrangements and negotiating fees are shared across all opt in authorities.
- By offering large contract values it will bring economies of scale with firms able to offer better rates and lower fees than are likely to result from local negotiation.
- PSAA will ensure appointed auditors are suitably qualified and registered, and expect to be able to manage the appointments to allow for appropriate groupings and clusters where audited bodies work together. This could be relevant to MDDC due to our joint working with neighbouring authorities.
- Any conflicts at individual authorities will be managed by PSAA who will have a number of contracted firms to call upon.
- PSAA will monitor contract delivery and ensure compliance with contractual, audit quality, and independence requirements.
- PSAA is able to act in the collective interests of opted in authorities. Their prospectus pledges significant financial benefits to participants.

Disadvantages / Risks

- 2.10 Individual elected members have less opportunity for direct involvement other than through the LGA and/or stakeholder representatives. PSAA will, however, consult with authorities on auditor appointments, giving the Council the opportunity to influence which auditor is appointed.
- 2.11 Councils need to commit before final contract prices are known as the costs will depend on the proposals from the participating audit firms.

3.0 Conclusion and Next Steps

- 3.1 In considering the options, we must firstly rule out Option 2 (joint local appointment) as almost all Councils Devon-wide are opting into the PSAA approach, which leaves little or no scope for joint arrangements.
- 3.2 Currently there are only nine providers that are eligible to audit local authorities, all of these being firms with a national presence. This means that a local procurement exercise would most likely seek tenders from the same firms that the PSAA will be dealing with, plus it would incur the costs in time and resources for the requisite Auditor Panel.

- 3.3 The primary aim of the PSAA procurement strategy is to secure high quality audit services at the most competitive prices and to maximise the value for “opted-in” local government bodies. Best value for MDDC is therefore most likely to be achieved through joining the PSAA approach as opposed to going it alone.
- 3.4 Nationally, the LGA states that the present joint commissioning arrangements have achieved reductions in auditor fees in the region of 50%. This was certainly the case for MDDC. Opting in to the sector-led national approach would therefore seem a logical way of maintaining the collective purchasing power that a national framework would provide.
- 3.5 The PSAA approach aims to minimise the scheme management costs returning any surpluses to scheme members.
- 3.6 The date by which principal authorities will need to opt into the appointing person arrangement is 9 March 2017. The aim is to award contracts to audit firms by the end of June 2017, giving six months to consult with authorities on appointments before the 31 December 2017 deadline.
- 3.7 This is a decision that requires a recommendation to be made to Full Council.

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

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

List of Background Papers:

27 October 2016

Email: appointingperson@psaa.co.uk

Steven Walford
Mid Devon District Council
Phoenix House
Phoenix Lane
Tiverton Devon EX16 6PP

Copied to: Andrew Jarrett, Head of Finance, Mid Devon District Council
Simon Johnson, Head of Legal & Democratic Services, Mid Devon District Council

Dear Mr Walford

Invitation to opt into the national scheme for auditor appointments

As you know the external auditor for the audit of the accounts for 2018/19 has to be appointed before the end of 2017. That may seem a long way away, but as there is now a choice about how to make that appointment, a decision on your authority's approach will be needed soon.

We are pleased that the Secretary of State has expressed his confidence in us by giving us the role of appointing local auditors under a national scheme. This is one choice open to your authority. We issued a prospectus about the scheme in July 2016, available to download on the [appointing person](#) page of our website, with other information you may find helpful.

The timetable we have outlined for appointing auditors under the scheme means we now need to issue a formal invitation to opt into these arrangements. The covering email provides the formal invitation, along with a form of acceptance of our invitation for you to use if your authority decides to join the national scheme. We believe the case for doing so is compelling. To help with your decision we have prepared the additional information attached to this letter.

I need to highlight two things:

- we need to receive your formal acceptance of this invitation by 9 March 2017; and
- the relevant regulations require that, except for a body that is a corporation sole (a police and crime commissioner), the decision to accept the invitation and to opt in needs to be made by the members of the authority meeting as a whole. We appreciate this will need to be built into your decision making timetable.

If you have any other questions not covered by our information, do not hesitate to contact us by email at appointingperson@psaa.co.uk.

Yours sincerely



Jon Hayes, Chief Officer

Appointing an external auditor

Information on the national scheme

Public Sector Audit Appointments Limited (PSAA)

We are a not-for-profit company established by the Local Government Association (LGA). We administer the current audit contracts, let by the Audit Commission before it closed.

We have the support of the LGA, which has worked to secure the option for principal local government and police bodies to appoint auditors through a dedicated sector-led national procurement body. We have established an advisory panel, drawn from representative groups of local government and police bodies, to give access to your views on the design and operation of the scheme.

The national scheme for appointing local auditors

We have been specified by the Secretary of State for Communities and Local Government as the appointing person for principal local government bodies. This means that we will make auditor appointments to principal local government bodies that choose to opt into the national appointment arrangements we will operate for audits of the accounts from 2018/19. These arrangements are sometimes described as the 'sector-led body' option, and our thinking for this scheme was set out in a prospectus circulated to you in July. The prospectus is available on the [appointing person](#) page of our website.

We will appoint an auditor for all opted-in authorities for each of the five financial years beginning from 1 April 2018, unless the Secretary of State chooses to terminate our role as the appointing person beforehand. He or she may only do so after first consulting opted-in authorities and the LGA.

What the appointing person scheme will offer

We are committed to making sure the national scheme will be an excellent option for auditor appointments for you.

We intend to run the scheme in a way that will save time and resources for local government bodies. We think that a collective procurement, which we will carry out on behalf of all opted-in authorities, will enable us to secure the best prices, keeping the cost of audit as low as possible for the bodies who choose to opt in, without compromising on audit quality.

Our current role means we have a unique experience and understanding of auditor procurement and the local public audit market.

Using the scheme will avoid the need for you to:

- establish an audit panel with independent members;
- manage your own auditor procurement and cover its costs;
- monitor the independence of your appointed auditor for the duration of the appointment;
- deal with the replacement of any auditor if required; and
- manage the contract with your auditor.

Our scheme will endeavour to appoint the same auditors to other opted-in bodies that are involved in formal collaboration or joint working initiatives, if you consider that a common auditor will enhance efficiency and value for money.

We will also try to be flexible about changing your auditor during the five-year appointing period if there is good reason, for example where new joint working arrangements are put in place.

Securing a high level of acceptances to the opt-in invitation will provide the best opportunity for us to achieve the most competitive prices from audit firms. The LGA has previously sought expressions of interest in the appointing person arrangements, and received positive responses from over 270 relevant authorities. We ultimately hope to achieve participation from the vast majority of eligible authorities.

High quality audits

The Local Audit and Accountability Act 2014 provides that firms must be registered as local public auditors with one of the chartered accountancy institutes acting in the capacity of a Recognised Supervisory Body (RSB). The quality of registered firms' work will be subject to scrutiny by both the RSB and the Financial Reporting Council (FRC), under arrangements set out in the Act.

We will:

- only contract with audit firms that have a proven track record in undertaking public audit work;
- include obligations in relation to maintaining and continuously improving quality in our contract terms and in the quality criteria in our tender evaluation;
- ensure that firms maintain the appropriate registration and will liaise closely with RSBs and the FRC to ensure that any quality concerns are detected at an early stage; and
- take a close interest in your feedback and in the rigour and effectiveness of firms' own quality assurance arrangements.

We will also liaise with the National Audit Office to help ensure that guidance to auditors is updated as necessary.

Procurement strategy

In developing our procurement strategy for the contracts with audit firms, we will have input from the advisory panel we have established. The panel will assist PSAA in developing arrangements for the national scheme, provide feedback to us on proposals as they develop, and helping us maintain effective channels of communication. We think it is particularly important to understand your preferences and priorities, to ensure we develop a strategy that reflects your needs within the constraints set out in legislation and in professional requirements.

In order to secure the best prices we are minded to let audit contracts:

- for 5 years;
- in 2 large contract areas nationally, with 3 or 4 contract lots per area, depending on the number of bodies that opt in; and
- to a number of firms in each contract area to help us manage independence issues.

The value of each contract will depend on the prices bid, with the firms offering the best value being awarded larger amounts of work. By having contracts with a number of firms, we will be able to manage issues of independence and avoid dominance of the market by one or two firms. Limiting the national volume of work available to any one firm will encourage competition and ensure the plurality of provision.

Auditor appointments and independence

Auditors must be independent of the bodies they audit, to enable them to carry out their work with objectivity and credibility, and in a way that commands public confidence.

We plan to take great care to ensure that every auditor appointment passes this test. We will also monitor significant proposals for auditors to carry out consultancy or other non-audit work, to protect the independence of auditor appointments.

We will consult you on the appointment of your auditor, most likely from September 2017. To make the most effective allocation of appointments, it will help us to know about:

- any potential constraints on the appointment of your auditor because of a lack of independence, for example as a result of consultancy work awarded to a particular firm;
- any joint working or collaboration arrangements that you think should influence the appointment; and
- other local factors you think are relevant to making the appointment.

We will ask you for this information after you have opted in.

Auditor appointments for the audit of the accounts of the 2018/19 financial year must be made by 31 December 2017.

Fee scales

We will ensure that fee levels are carefully managed by securing competitive prices from firms and by minimising our own costs. Any surplus funds will be returned to scheme members under our articles of association and our memorandum of understanding with the Department for Communities and Local Government and the LGA.

Our costs for setting up and managing the scheme will need to be covered by audit fees. We expect our annual operating costs will be lower than our current costs because we expect to employ a smaller team to manage the scheme. We are intending to fund an element of the costs of establishing the scheme, including the costs of procuring audit contracts, from local government's share of our current deferred income. We think this is appropriate because the new scheme will be available to all relevant principal local government bodies.

PSAA will pool scheme costs and charge fees to audited bodies in accordance with a fair scale of fees which has regard to size, complexity and audit risk, most likely as evidenced by audit fees for 2016/17. Pooling means that everyone in the scheme will benefit from the most competitive prices. Fees will reflect the number of scheme participants – the greater the level of participation, the better the value represented by our scale fees.

Scale fees will be determined by the prices achieved in the auditor procurement that PSAA will need to undertake during the early part of 2017. Contracts are likely to be awarded at the end of June 2017, and at this point the overall cost and therefore the level of fees required will be clear. We expect to consult on the proposed scale of fees in autumn 2017 and to publish the fees applicable for 2018/19 in March 2018.

Opting in

The closing date for opting in is 9 March 2017. We have allowed more than the minimum eight week notice period required, because the formal approval process for most eligible bodies, except police and crime commissioners, is a decision made by the members of an authority meeting as a whole.

We will confirm receipt of all opt-in notices. A full list of authorities who opt in will be published on our website. Once we have received an opt-in notice, we will write to you to request information on any joint working arrangements relevant to your auditor appointment, and any potential independence matters that would prevent us appointing a particular firm.

If you decide not to accept the invitation to opt in by the closing date, you may subsequently make a request to opt in, but only after 1 April 2018. The earliest an auditor appointment can be made for authorities that opt in after the closing date is therefore for the audit of the accounts for 2019/20. We are required to consider such requests, and agree to them unless there are reasonable grounds for their refusal.

Timetable

In summary, we expect the timetable for the new arrangements to be:

- | | |
|---|-------------------------|
| • Invitation to opt in issued | 27 October 2016 |
| • Closing date for receipt of notices to opt in | 9 March 2017 |
| • Contract notice published | 20 February 2017 |
| • Award audit contracts | By end of June 2017 |
| • Consult on and make auditor appointments | By end of December 2017 |
| • Consult on and publish scale fees | By end of March 2018 |

Enquiries

We publish frequently asked questions on our [website](#). We are keen to receive feedback from local bodies on our plans. Please email your feedback or questions to: appointingperson@psaa.co.uk.

If you would like to discuss a particular issue with us, please send an email to the above address, and we will make arrangements either to telephone or meet you.

This page is intentionally left blank

Audit Committee Progress Report and Update Mid Devon District Council Year ended 31 March 2017

24 January 2017

Page 121

Geraldine Daly

Engagement Lead

T 0117 305 7741

E geri.n.daly@uk.gt.com

Steve Johnson

Audit Manager

T 0117 057 868

E steve.p.johnson@uk.gt.com

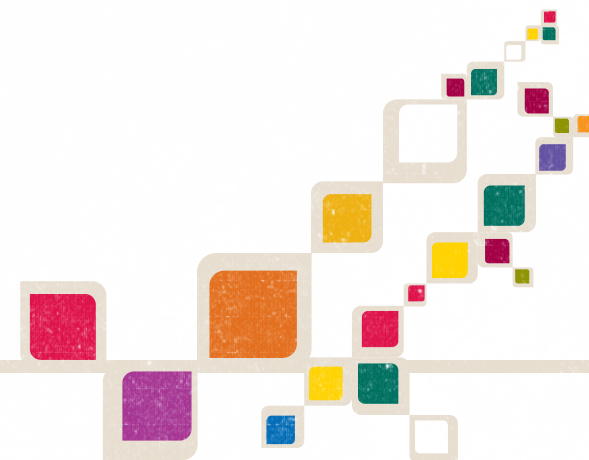
Victoria Redler

Executive

T 0117 305 7741

E victoria.j.redler@uk.gt.com

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.



Introduction

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

Members of the Audit and Governance Committee can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications:

- Advancing closure: the benefits to local authorities (July 2016)
www.grantthornton.co.uk/insights/advancing-closure-the-benefits-to-local-authorities/
- Building a successful joint venture company (April 2016)
www.grantthornton.co.uk/en/insights/building-a-successful-joint-venture-company/

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



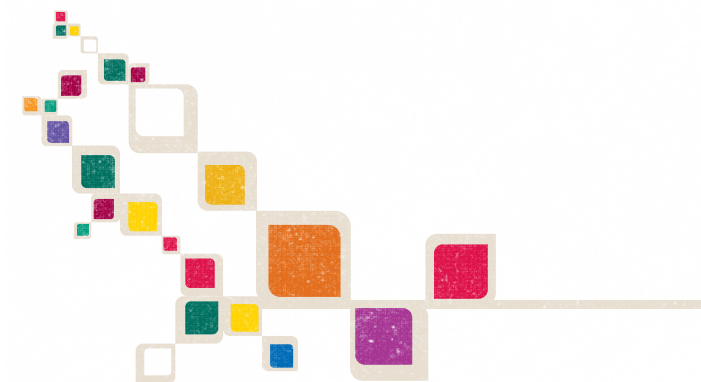
Steve Johnson
Engagement Manager

T 0117 305 57868
M 07880 456134
E steve.p.johnson@uk.gt.com

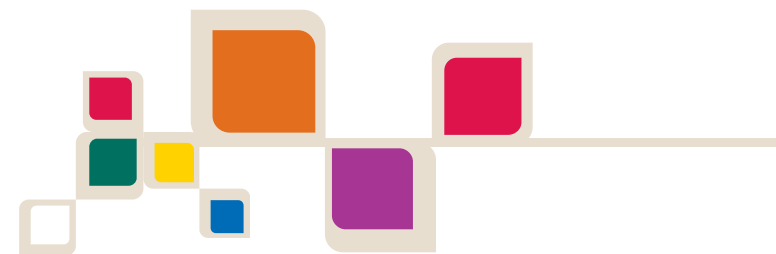


Steve Johnson
Engagement Manager

T 0117 305 57868
M 07880 456134
E steve.p.johnson@uk.gt.com



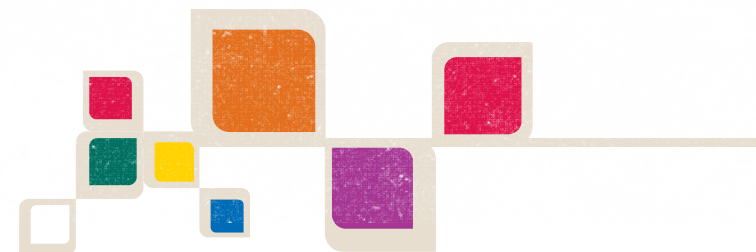
Progress at December 2016



Page 124

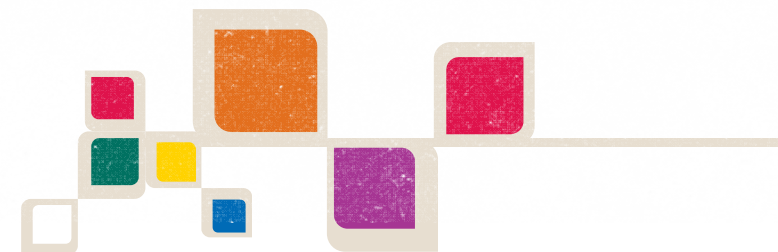
2015/16 work	Planned Date	Complete?	Comments
Grant Claims Audit We are required to certify your Housing Benefits Grant Claim by 30 November. We are not auditing any other grant claims. We will issue a certification letter, confirming the outcome of our work and the fees charged. This will be presented to the January Audit Committee. We have also completed our work on your Pooling of capital receipts and HCA claim.	January 2017	Yes	Report is on the January audit committee agenda
2016/17 work	Planned Date	Complete?	Comments
Fee Letter We are required to issue a 'Planned fee letter for 2016/17' by the end of April 2016	April 2016	Yes	The 2016/17 fee letter was issued on 18 April 2016 and considered by the 31 May 2016 committee.
Accounts Audit Plan 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 2016-17 financial statements.	March 2017	No	Not yet started
Interim accounts audit Our interim fieldwork visit plan included: <ul style="list-style-type: none"> • updated review of the Council's control environment • updated understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing • Value for Money conclusion risk assessment. 	February 2017	No	Not yet started

Progress at December 2016



2016/17 work	Planned Date	Complete?	Comments
Final accounts audit Including: <ul style="list-style-type: none"> • audit of the 2016/17 financial statements • proposed opinion on the Council's accounts • proposed Value for Money conclusion • review of the Council's disclosures in the consolidated accounts against the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 	June 2017	No	Not yet started
Value for Money (VfM) conclusion The scope of our work is unchanged to 2015/16 and is set out in the final guidance issued by the National Audit Office in November 2015. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources". The guidance confirmed the overall criterion as; "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people". The three sub criteria for assessment to be able to give a conclusion overall are: <ul style="list-style-type: none"> • Informed decision making • Sustainable resource deployment • Working with partners and other third parties 	March and July 2017	No	Not yet started

Progress at December 2016



2016/17 work	Planned Date	Complete?	Comments
Grant claims and certification. We anticipate that we will be required to certify the Council's 2015/16 Housing benefit and council tax subsidy claim.	June 2017 to November 2017.	Not yet due	The work on the 2016/17 will be completed by 30 November 2017.
Other areas of work Audit of:			
Pooling of Housing capital receipts claim	October 2017	No	Not yet started
Housing & Communities agency claim			
Meetings with Members, Officers and others	On-going	No	Regular meetings arranged with Officers

We have also been in discussions with Management regarding the consideration of establishing a trading company to help deliver the Council's housing priorities.

Technical Matters

Page 127

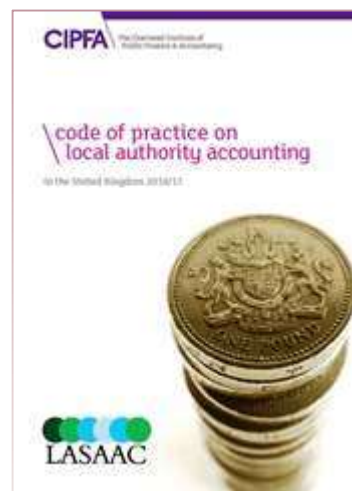


Code of Practice on Local Authority Accounting in the United Kingdom 2016/17

This is the seventh edition of the Code to be prepared under International Financial Reporting Standards (IFRS), which have been adopted as the basis for public sector accounting in the UK. The 2016/17 Code has been developed by CIPFA/LASAAC and has effect for financial years commencing on or after 1 April 2016.

Page 128

Local authorities in the United Kingdom are required to keep their accounts in accordance with 'proper (accounting) practices'. This is defined, for the purposes of local government legislation, as meaning compliance with the terms of the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).



The Code includes changes resulting from the 'Telling the Story' review on improving the presentation of local authority financial statements. These include new formats and reporting requirements for the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement and the introduction of the new Expenditure and Funding Analysis.

Amendments arising from the narrow scope amendments to International Financial Reporting Standards including changes from the following amended standards.

IAS 1 Presentation of Financial Statements under the International Accounting Standards Board Disclosure Initiative

IAS 24 Related Party Disclosures in relation to key management personnel as a result of the Annual Improvements to IFRSs 2010 – 2012

IFRS 11 Joint Arrangements Accounting for Acquisitions of interest in Joint Operations

IFRS 8 Operating Segments as a result of the Annual Improvements to IFRSs 2010 – 2012.

An update to the Statements Reporting Reviews of Internal Controls Section of the Code for the changes to the Delivering Good Governance in Local Government: Framework (2016) has been published by CIPFA and SOLACE.

Sector issues and developments



National Audit Office: Below is a selection of reports issued during 2016 which may be of interest to Audit Committee members. Please see the website for all reports issued by the NAO.



Local welfare provision

Overall spending on discretionary local welfare support by central and local government has reduced since April 2013. The consequences of this gap in provision are not understood.

Sector(s): [Community and society](#), [Local services](#)

Performance Improvement area(s): [Financial and service sustainability](#), [Local service delivery](#)

<https://www.nao.org.uk/report/local-welfare-provision/>

Published:

12 Jan 2016



English devolution deals

Devolution deals to devolve power from central government to local areas in England offer opportunities to stimulate economic growth and reform public services for local users, but the arrangements are untested and government could do more to provide confidence that these deals will achieve the benefits intended

Sector(s): [Central Finance and Treasury](#), [Community and society](#)

Performance Improvement area(s): [Economic growth](#), [Local service delivery](#)

<https://www.nao.org.uk/report/english-devolution-deals/>

Published:

20 Apr 2016



Financial sustainability of local authorities: capital expenditure and resourcing

Local authorities have kept up levels of capital spending but face pressure to meet debt costs and maintain investment in existing assets.

Sector(s): [Community and society](#), [Local services](#)

Performance Improvement area(s): [Financial and service sustainability](#), [Local service delivery](#)

<https://www.nao.org.uk/report/financial-sustainability-of-local-authorities-capital-expenditure-and-resourcing/>

Published:

15 Jun 2016

National Audit Office reports (continued)



Overview: Local government

This Overview looks at the local government landscape during the last financial year and summarises both matters of likely interest to Parliament as well as our work with local authorities. The NAO prepares statutory guidance on how local auditors should meet their responsibilities.

Sector(s): [Local services](#)

Performance Improvement area(s): [Departmental Overviews](#), [Local service delivery](#)

Published:
9 Nov 2016

<https://www.nao.org.uk/report/overview-local-government/>



The Troubled Families programme: update

This report is a factual update to support the Committee of Public Accounts' evidence session on the government's Troubled Families programme on 19 October 2016. It is based primarily on published sources, information supplied by the Department for Communities and Local Government and previous reports published by the National Audit Office.

Sector(s): [Community and society](#), [Local services](#)

Published:
18 Oct 2016

<https://www.nao.org.uk/report/the-troubled-families-programme-update/>

Grant Thornton

Page 132



Grant Thornton Events

Grant Thornton events

Joint Venture Seminar, 6th December - Taunton

Following the publication of our 'Better Together' report we hosted a seminar in Taunton. The session included presentations from some of the practitioners interviewed in researching our report.

Local government continues to innovate and change, as it looks for ways to protect front line services we are expecting to see an increase in the number of Joint Ventures (JVs) for service delivery being established. Our event provided an invaluable insight into setting up and running JVs and was attended by 22 officers and members from Councils in the South West, including Andrew Jarrett from Bob Evans from Mid Devon District Council.

Attendees heard from Arthur Hooper, Group MD of CORSERV, who shared his experiences of developing the newly formed JV with Nottinghamshire County Council for Highways, highlighting the importance of collaborative partnership working and staff engagement.

Mark Cook, Partner at Anthony Collins Solicitors discussed the legal implications to consider when setting up a JV.

Sophie Hosking, Executive Director – Service Delivery and Commercial Development, South Ham District and West Devon Borough Council highlighted their journey so far in establishing a joint local authority company and why they are exploring this route.

Mike Britch, Norse Group MD discussed how the Norse Group have established 25 JVs with local authority partners and highlighted the importance of using JVs to change the outcome in service delivery and client commissioning as well as ensuring arrangements are not too complex.

The morning ended with a panel session where our speakers were joined by Sally Mckinlay (Tax Director – Grant Thornton).

You can download a copy of the Grant Thornton report – Better Together from our website at <http://www.grant-thornton.co.uk/en/Sectors/Government--Public-Sector/>

Hard copies are also available from your Engagement Lead and Audit Manager.



Integrated Reporting

Looking beyond the report

The move away from reporting based on historic financial information is beginning to gain momentum and Integrated Reporting is now mandatory in some countries.

Page 134

In the UK, CIPFA proposed in their consultation document that the narrative report from 2017/18 reflects elements of the International Integrated Reporting Council's framework whilst the Treasury is encouraging public sector organisations to adopt Integrated Reporting.

Integrated reporting: Looking beyond the report was produced by our global Integrated Reporting team, based in the UK, New Zealand and South Africa, to help organisations obtain the benefits of Integrated Reporting.

The International Integrated Reporting Council (IIRC) describes Integrated Reporting as *"enhancing the way organisations think, plan and report the story of their business."*

At Grant Thornton, we fully agree with this and, in our view, the key word is 'enhancing' because a lot of the elements to support effective Integrated Reporting are likely to be in place already.

But anyone focussing purely on the production of the report itself will not reap the full benefits that effective Integrated Reporting can offer.

Instead, think of Integrated Reporting as demonstrating "integrated thinking" across your entire organisation, with the actual report being an essential element of it.

Our methodology is based on six modules which are designed to be independent of each other.

1. **Secure support** – effective Integrated Reporting needs leadership from the top.
2. **Identify stakeholders** – who are they and how can you engage with them?
3. **Identify the capitals for your organisation** – what resources do you use to create value?
4. **What do you have – and what do you need?** – do you have the data you need and is it accurate?
5. **Set limits and create boundaries** – make sure your report is focussed.
6. **Review and improve** – Integrated Reporting is a continuous learning process.

Our approach to Integrated Reporting is deliberately simple; experience has shown us that this works best. Things are often only complicated because people made them that way.

Our experienced, independent teams can help you keep focused throughout the entire Integrated Reporting process and can support you, no matter what stage you are at. Please speak to your Engagement Lead if you would like to discuss this further.

Grant Thornton publications

Challenge question:

- Have you thought about how the principles of Integrated Reporting can help your Council become more focussed?



Integrated reporting
Looking beyond the report
November 2016



Integrated Thinking and Reporting

Focusing on value creation in the public sector

Grant Thornton has seconded staff to the International Integrated Reporting Council on a pro bono basis for a number of years.

Page 135

They have been working on making the principles of Integrated Reporting <IR> relevant to the public sector and co-authored a recent report by CIPFA and the World Bank: *Integrated thinking and reporting: focusing on value creation in the public sector - an introduction for leaders*.

Around one third of global gross domestic product (GDP) is made up by the public sector and this is being invested in ensuring there is effective infrastructure, good educational opportunities and reliable health care. In many ways, it is this investment by the public sector that is helping to create the conditions for wealth creation and preparing the way for the success of this and future generations.

Traditional reporting frameworks, focussed only on historic financial information, are not fit-for-purpose for modern, multi-dimensional public sector organisations.

Integrated Reporting supports sustainable development and financial stability and enables public sector organisations to broaden the conversation about the services they provide and the value they create.

The public sector faces multiple challenges, including:

- Serving and being accountable to a wide stakeholder base;
- Providing integrated services with sustainable outcomes;
- Maintaining a longer-term perspective, whilst delivering in the short term; and
- Demonstrating the sustainable value of services provided beyond the financial.

The <IR> Framework is principle based and enables organisations to tailor their reporting to reflect their own thinking and strategies and to demonstrate they are delivering the outcomes they were aiming for.

Integrated Reporting can help public sector organisations deal with the above challenges by:

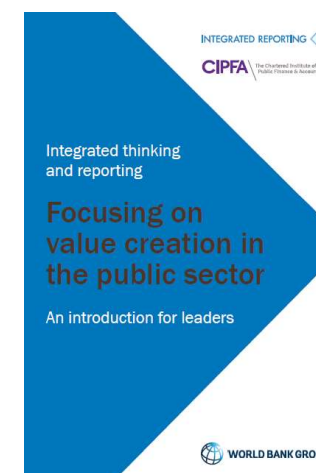
- Addressing diverse and often conflicting public accountability requirements;
- Focussing on the internal and external consequences of an organisation's activities;
- Looking beyond the 'now' to the 'near' and then the 'far';
- Considering the resources used other than just the financial.

The report includes examples of how organisations have benefitted from Integrated Reporting.

CIPFA Publications

Challenge question:

- Have you reviewed the CIPFA guide to Integrated Reporting in the public sector?



Brexit

Grant Thornton update

Planning can help organisations reduce the impact of Brexit

Several months have passed since the referendum to leave the European Union (EU), during which there has been a flurry of political activity, including the party conference season.

After many years of relative stability, organisations will need to prepare themselves for a period of uncertainty and volatility and will need to keep their risk registers under constant review. The outcome of the US Presidential election in November 2016 has added to this uncertainty.

The High Court ruling that Parliament should have a say before the UK invokes Article 50 of the Lisbon Treaty – which triggers up to two years of formal EU withdrawal talks – will not, in our view, impact on the final outcome. There appears to be a general political consensus that Brexit does mean Brexit, but we feel there could be slippage beyond the original timetable which expected to see the UK leave the EU by March 2019.

2017 elections in The Netherlands (March), France (April/May), and Germany (October/November) will complicate the Brexit negotiation process and timeline at a time when Brexit is more important for the UK than it is for the remaining 27 Member States

The question still remains, what does Brexit look like?

While there may be acceptance among politicians that the UK is leaving the EU, there is far from any agreement on what our future relationship with the continent should be.

So, what do we expect based on what has happened so far?

Existing EU legislation will remain in force

We expect that the Government will introduce a “Repeal Act” (repealing the European Communities Act of 1972 that brought us into the EU) in early 2017.

As well as undoing our EU membership, this will transpose existing EU regulations and legislation into UK law. We welcome this recognition of the fact that so much of UK law is based on EU rules and that trying to unpick these would not only take many years but also create additional uncertainty.

Taking back control is a priority

It appears that the top priority for government is 'taking back control', specifically of the UK's borders. Ministers have set out proposals ranging from reducing our dependence on foreign doctors or cutting overseas student numbers. The theme is clear: net migration must fall.

Leaving the Single Market appears likely

The tone and substance of Government speeches on Brexit, coupled with the wish for tighter controls on immigration and regulation, suggest a future where the UK enjoys a much more detached relationship with the EU.

Potential existing examples for the UK's future relationship, such as the 'Norwegian' or 'Swiss' models, seem out of the question. The UK wants a 'bespoke deal'.

Given the rhetoric coming from Europe, our view is that this would signal an end to the UK's membership of the Single Market. With seemingly no appetite to amend the four key freedoms required for membership, the UK appears headed for a so-called 'Hard Brexit'. It is possible that the UK will seek a transitional arrangement, to give time to negotiate the details of our future trading relationship.

Brexit

This is of course, all subject to change, and, politics, especially at the moment, moves quickly.

Where does this leave the public sector?

After a relatively stable summer, we expect there will be increased volatility as uncertainty grows approaching the formal negotiation period.

Page 137 Planning can help organisations reduce the impact of Brexit

The chancellor has acknowledged the effect this may have on investment and signalled his intention to support the economy, delaying plans to get the public finances into surplus by 2019/20.

We expect that there will be some additional government investment in 2017, with housing and infrastructure being the most likely candidates.

Clarity is a long way off. However, public sector organisations should be planning now for making a success of a hard Brexit, with a focus on:

Staffing – organisations should begin preparing for possible restrictions on their ability to recruit migrant workers and also recognise that the UK may be a less attractive place for them to live and work. Non-UK employees might benefit from a degree of reassurance as our expectation is that those already here will be allowed to stay. Employees on short term or rolling contracts might find it more difficult to stay over time.

Financial viability – public sector bodies should plan how they will overcome any potential shortfalls in funding (e.g. grants, research funding or reduced student numbers).

Market volatility – for example pension fund and charitable funds investments and future treasury management considerations.

International collaboration – perhaps a joint venture or PPP scheme with an overseas organisation or linked research projects.

Grant Thornton update

Challenge questions:

- Have you assessed the potential impact of Brexit on your organisation?
- Does your risk register include Brexit and is this regularly updated and reported?

For regular updates on Brexit, please see our website:

<http://www.grantthornton.co.uk/en/insights/brexit-planning-the-future-shaping-the-debate/>



© 2016 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires.

Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

grantthornton.co.uk



Grant Thornton
An instinct for growth™

Mr A Jarrett
Mid Devon District Council
Phoenix House
Phoenix Lane
Tiverton
Devon
EX16 6PP

Grant Thornton UK LLP
Hartwell House
55-61 Victoria Street
Bristol
BS1 6FT

T +44 (0)117 305 7600
F +44 (0)117 305 7784

www.grantthornton.co.uk

13 January 2016

Dear Andrew

Certification work for Mid Devon District Council for year ended 31 March 2016

We have undertaken work on three claims for the Council:

- Housing benefits subsidy claim – covered by the Public Sector Audit Appointments (PSAA) responsibilities
- Pooling of Capital Receipts (Pooling claim) – Engagement letter dated 20 September 2016
- Housing & Community Agency, Affordable Homes Programme 2015-2018 (HCA claim) – Engagement letter dated 20 September 2016

We are required to certify the Housing Benefit subsidy claim submitted by Mid Devon District Council ('the Council'). This certification typically takes place six to nine months after the claim period 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 the Housing Benefit subsidy claim for the financial year 2015/16 relating to expenditure of £18.9 million. Further details of the claims certified are set out in Appendix A.

We have qualified the claim, and reduced the subsidy reclaimable by £35, in respect of the following:

Testing of the initial sample identified

- One case where the Council had overpaid benefit as a result of miscalculating the claimant's weekly income, resulting in an error in classification. Testing of an additional sample of 40 cases did not identified any further errors.
- One case where benefit had been underpaid as a result of the Authority using an incorrect Local Housing Allowance (LHA) rate as a result of assessing a property in the incorrect Broad Rental Market Area (BRMA) due to the property being close to the boundary between two areas. As there is no eligibility to subsidy for benefit which has not been paid, the underpayment identified does not affect subsidy. However, because errors miscalculating the LHA could result in overpayments an additional random sample of 40 cases was tested. No further underpayments and no overpayments were identified.
- One case where the overpayment of a benefit type for a particular case had been miscoded by the Authority; as a result, the eligible overpayment was misanalysed in the claim. There is no subsidy impact.

- One case where overpayment has been misclassified as prior year overpayment when it should be current year overpayment. As the eligible rents, benefit entitlement and overpayment amounts have been correctly calculated, and the detail cells involved attract the same subsidy values, no additional testing has been undertaken. There is no subsidy impact.

The indicative fee for 2015/16 for the Council is based on the final 2013/14 certification fees, reflecting the amount of work required by the auditor to certify the Housing Benefit subsidy claim that year. The indicative scale fee set by the Audit Commission for the Council for 2015/16 is £7,418. This is set out in more detail in Appendix B.

As part of our work we identified two errors that resulted in additional testing, in line with Department of Works and Pension instructions, to demonstrate that there were no systematic errors that would affect the claim. This has led to an additional charge of £ 1,925.

Both the Pooling claim and the HCA claim were signed off with no errors and there are no matters to bring to your attention.

Yours sincerely



Geraldine Daly
For Grant Thornton UK LLP

Appendix A - Details of claims and returns certified for 2015/16

Claim or return	Value	Amended?	Amendment (£)	Qualified?	Comments
Housing benefits subsidy claim	18,949,708	Yes	(35)	Yes	Initial testing identified some errors that required additional testing.
Pooling of Capital Receipts	148,900	No	n/a	No	
Housing & Community Agency, Affordable Homes Programme 2015-2018	120,000	No	n/a	No	Fir close scheme selected for audit.

Appendix B: Fees for 2015/16 certification work

Claim or return	2014/15 fee (£)	2015/16 indicative fee (£)	2015/16 actual fee (£)	Variance (£)	Explanation for variances
Housing benefits subsidy claim (BEN01)	9,210	7,418	9,343	1,925	Additional testing as a result of errors identified in initial sample testing.
Pooling of Capital Receipts	1,400	1,400	1,400		
Housing & Community Agency, Affordable Homes Programme 2015-2018	n/a	2,000	2,000		
Housing & Community Agency, Decent homes grant	1,500	n/a	n/a		