

# Public Document Pack

Mid Devon District Council

## Audit Committee

Tuesday, 21 March 2017 at 5.30 pm  
Exe Room, Phoenix House, Tiverton

Next meeting  
Tuesday, 30 May 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. **Apologies**

To receive any apologies for absence.

2. **Public Question Time**

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

3. **Chairman's Announcements**

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

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

To approve as a correct record the Minutes of the meeting held on 24 January 2017 (copy attached).

5. **Progress update on the Annual Governance Statement Action Plan**  
(Pages 11 - 16)

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.

6. **Internal Audit Progress Report** (Pages 17 - 22)

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

7. **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)*

8. **Whistle Blowing Policy** (Pages 23 - 30)

To receive a report from the Director of Corporate Affairs & Business Transformation presenting the committee with the updated Whistleblowing Policy.

9. **Internal Audit outsourcing update**

To receive a verbal update.

10. **Risk and Opportunity Management Strategy** (Pages 31 - 44)

To receive a report from the Internal Audit Team Leader presenting the Committee with the updated Risk and Opportunity Management Strategy for approval.

11. **Performance and Risk for 2016/17** (Pages 45 - 74)

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.

12. **Draft strategic Audit Plan for 2017/18 to 2020/21** (Pages 75 - 78)

To receive a report from the Audit Team Leader presenting the Draft Strategic Audit Plan for 2017/18 to 2020/21.

13. **Grant Thornton - external audit progress report and update** (Pages 79 - 96)

To receive an update report from the external auditors.

14. **Grant Thornton - Audit Plan for Mid Devon District Council** (Pages 97 - 120)

To receive the Audit Plan from the external auditors.

15. **Chairman's annual report for 2016/17** (Pages 121 - 126)

To receive the annual report from the Audit Committee Chairman for 2016/17.

16. **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:

- Election of Chairman
- Election of Vice Chairman
- Performance & Risk
- Financial Monitoring
- Internal Audit Progress report
- Internal Audit Charter

- Code of Corporate Governance
- Internal Audit Strategy
- External Audit Progress Report
- Start time of meetings

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

**Stephen Walford**  
Chief Executive  
Monday 13 March 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](mailto:slees@middevon.gov.uk)

## MID DEVON DISTRICT COUNCIL

**MINUTES** of a **MEETING** of the **AUDIT COMMITTEE** held on 24 January 2017 at 5.30 pm

### **Present**

#### **Councillors**

R Evans (Chairman)  
Mrs J B Binks, Mrs C Collis, R M Deed and R F Radford

### **Apologies**

#### **Councillors**

T G Hughes and L D Taylor

### **Also**

#### **Present**

Steve Johnson (Grant Thornton)

### **Present**

#### **Officers**

Stephen Walford (Chief Executive), Andrew Jarrett (Director of Finance, Assets and Resources), Catherine Yandle (Internal Audit Team Leader), Nicky Chandler (Auditor), Suzanne Kingdom (Auditor) and Sarah Lees (Member Services Officer)

## 61. **ELECTION OF VICE CHAIRMAN**

**RESOLVED** that Councillor Mrs C A Collis be elected Vice Chairman of the Committee for the remainder of the municipal year 2016/17.

## 62. **APOLOGIES**

Apologies were received from Councillors T G Hughes and L Taylor.

## 63. **PUBLIC QUESTION TIME**

There were no members of the public present.

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

The minutes of the meeting held on 22 November 2016 were confirmed as a true and accurate record and **SIGNED** by the Chairman.

## 65. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman had no announcements to make.

## 66. **INTERNAL AUDIT OPTIONS FROM 2017/18 (00:03:50)**

The Committee had before it a report \* from the Internal Audit Team Leader summarising the options the Council had for Internal Audit provision going forwards.

It was explained that as a result of changes made in other areas of the service the Leadership Team had decided that the present Internal Audit Team Leader was the best person to take on the responsibility for Governance reporting within the Council. As a result of this there was not only too much work for one person to do but there were potential impairments to the Internal Audit Team Leader's independence which was a fundamental requirement of the Public Sector Internal Auditing Standards

hence there had been a need to consider alternative approaches to service provision to determine the most efficient option and also the best value for money. The options available to the Council were outlined within the report. The two Internal Auditors within the team had been invited to attend the meeting to take part in the discussion.

Discussion took place regarding:

- The Internal Auditors' views on the different options.
- Whether or not going out to tender was a viable option and whether other providers not hitherto considered could provide similar terms and conditions to the Council.
- The need to consider what would deliver the best outcomes both for the Council and for the employees.
- Access to a wider pool of auditors could give access to a wider range of specialisms.

The Committee felt that it was difficult to make a decision without all of the information before them and that a deferral would allow for additional relevant information to be sought prior to being brought back for a decision. It was explained that a decision was not time critical and a delay in a decision was manageable.

**RESOLVED** that a decision on Internal Audit Options be deferred until the next meeting due to the need for additional information.

(Proposed by Cllr R M Deed and seconded by Cllr Mrs J B Binks)

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

#### 67. **PROGRESS UPDATE ON THE ANNUAL GOVERNANCE STATEMENT ACTION PLAN**

The Committee had before it, and **NOTED**, 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.

The contents of the report were outlined and particular attention was drawn to the Action Plan. The Chief Executive was asked why actions relating to the staff survey and the Members complaints process had not been completed by the target date. It was explained that a new staff survey had recently been carried out with a closing date of 9 December 2016 therefore it would have been impossible to meet the October 2016 deadline. The results from the recent survey would be compared to the previous survey and there would be discussion both with staff and Unison before coming to any conclusions. As regards the complaints process, this was being discussed by the Standards Committee the following evening and would follow a timetable to allow due diligence and informed decision making. He considered that these revised target dates were completely realistic.

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

#### 68. **INTERNAL PROGRESS REPORT**

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

2016/17 financial year. It was explained that the report covered the period up to the end of December 2016. System and core audits completed were below target and system audit completions were likely to remain so at the end of the year. Some audits had taken longer than expected and time lost due to additional responsibilities.

Three Internal Audit opinions had been issued since the last report in relation to the following service areas:

#### Car Parking

The Committee were reassured regarding a loss of data on car park vends during one month. Foul play had not been the causing factor and the sealed cash boxes inside had not been damaged. There was every confidence that the bankings recorded were accurate and correct.

#### Payroll

No comments were made regarding this audit.

#### Housing Benefit

A question was asked as to how many overpayments over £2,000 had occurred. The Internal Audit Team Leader explained that she did not have the information to hand but would get back to the Councillor after the meeting.

A general comment was made by the Chairman that there was now only one outstanding audit recommendation remaining with a high priority which had an acceptable explanation. However, 34 medium audit recommendations remained which he had brought to the attention of the Chief Executive. The Chief Executive had said that he would follow these up and actions would be monitored by the Leadership Team on a regular basis.

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

### 69. **INTERNAL AUDIT REPORTS**

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

### 70. **PERFORMANCE AND RISK**

The Committee had before it, and **NOTED**, a report \* from the Director of Corporate Affairs & Business Transformation providing Members with an update on performance against the Corporate Plan and local service targets for 2016-17 as well as providing an update on the key business risks.

The contents of the report were outlined and discussion took place regarding the following Corporate priorities:

- Environment – only missed collections that were reported through the Customer Management system were recorded. If picked up within 48 hours a collection was not classed as missed.

- Economy – figures regarding the number of empty shops were doing well when compared to the national statistics.
- Community – compliance with food safety law was routinely followed up by the Environmental Health officers. The outturn report for 2016/17 would show whether there had been an improvement in “scores on the doors” for premises previously ranked with a low score.
- Corporate – number of days lost through sickness was lower than the ‘target’. Responses to FOI’s remained on target and Performance Planning Guarantee figures for quarter 2 and quarter 3 were on target.

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

#### 71. **ARRANGEMENTS FOR THE APPOINTMENT OF EXTERNAL AUDITORS FROM 2017/18**

The Committee had before it a report \* from the Director of Finance, Assets and Resources discussing 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. The Director explained that he had now received a formal invitation from the Public Sector Audit Appointments (PSAA). To date circa 220 councils had decided to opt in to the PSAA offer to enter into a joint contractual arrangement and it was his recommendation that this was the cheapest and the easiest option. There were relevant economies of scale and ‘at the end of the day’ Audit providers offered a generic service.

**RECOMMENDED** to Council that Mid Devon District Council accepts the 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.

(Proposed by Cllr R F Radford and seconded by Cllr Mrs J B Binks)

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

#### 72. **EXTERNAL AUDIT PROGRESS REPORT AND UPDATE**

The Committee had before it, and **NOTED**, a report \* from the external auditors providing a progress report and update. They would be commencing their interim audit in two week’s time when they would be undertaking early testing work which would culminate in bringing the audit plan to the next meeting.

Items of interest within the report were brought to the attention of the Committee including the following:

- The comprehensive income and expenditure statement would now mirror the Council’s internal reporting.
- National Audit Office publications.
- The Joint Venture Seminar which had been run by Grant Thornton on 6 December 2016 and which the Director of Finance, Assets and Resources and the Audit Committee Chairman had attended. Both commented that the event had been well organised, they had valued the honesty from other local



council's which had been refreshing and the discussion on risk had been informative.

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

#### 73. **GRANTS CERTIFICATION REPORT**

The Committee had before it a report \* from the external auditors regarding their certification work for the Council for the year ended 31 March 2016. It was explained that the audit had gone well. The area was very well managed given its complexities. Some areas had been identified as needing additional testing but there had been nothing to cause concern.

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

#### 74. **IDENTIFICATION OF ITEMS FOR THE NEXT MEETING**

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:

Internal Audit Options  
Grant Thornton – Audit Plan

(The meeting ended at 6.50 pm)

**CHAIRMAN**

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## AUDIT COMMITTEE 21 MARCH 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 The 2 outstanding actions on the action plan (7 & 9), were both undertaken last year in accordance with the original deadline but have required follow-up actions before these can be signed off as fully completed. Therefore revised deadlines have been set to reflect the fact that these actions are being continued in 2017.
- 1.4 The Annual Governance Statement for the 2016/17 financial year will be presented in draft to the Audit Committee at the meeting on 30 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

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## Action Plan: Actions for 2016-2017

Performance and Risk Management			
<ul style="list-style-type: none"> <li>The Corporate Plan risk assessment needs to be taken to Management Team and then for the risks to be entered onto SPAR</li> <li>The risks from the Service Business Plans need to be entered onto SPAR</li> </ul>			
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

<b>Business Planning</b>			
Suggestions for improvement: <ul style="list-style-type: none"> <li>Review and improve the service business plan template</li> </ul> Develop a timetable for key dates throughout the year i.e. business plan preparation, training plans, budget preparation, etc.			
<b>Agreed Approach</b>	<b>Responsible Officer</b>	<b>Target Date</b>	<b>Progress</b>
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
Page 14 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	There are separate timetables for Training plan template completion (October) and Budgets (February)

<b>Staff</b>			
Suggestions for improvement: <ul style="list-style-type: none"> <li>Deliver the actions set out in the staff survey action plan</li> </ul>			
<b>Agreed Approach</b>	<b>Responsible Officer</b>	<b>Target Date</b>	<b>Progress</b>
7. Deliver the actions set out in the staff survey action plan	Director of Corporate Affairs & Business Transformation	End <del>October 2016</del> June 2017	The overall survey results have been circulated to all staff and the Peer Review team, the service level results have been sent to managers and workshops to discuss concerns have been set up.

<b>Constitution/Members</b>			
<b>Suggestions for improvement:</b>			
<ul style="list-style-type: none"> <li>• Training provided for officers re the new Constitution</li> </ul>			
Review and update the complaints process for complaints about Councillors			
<b>Agreed Approach</b>	<b>Responsible Officer</b>	<b>Target Date</b>	<b>Progress</b>
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
6 Page 15 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 <del>September 2016</del> April 2017	A peer review of the standards regime was carried out and the report went to Standards on 25 January and Full council on 22 February 2017. An extra meeting for Standards is scheduled on 4 April to progress this.

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## AUDIT COMMITTEE 21 MARCH 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 2016 to 28 February 2017.

#### 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 So far the Core Audits on Housing Benefits, Payroll, Car Park Income, Council Tax /NNDR & Recovery, Housing Rents and Income & Cash Collection have been completed. The opinions for the last 3 are included in full in section 3 below.

2.2.3 Creditors and ICT Core have been commenced.

### 2.3 Systems Audits

2.3.1 Systems Audits have been completed for Refuse & Recycling, Stores, 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 corporate performance and risk reports to PDGs and Committees, these are now sent to all PDGs rather than quarterly.

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 4 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 group.

2.4.5 One Auditor has become a Unison representative which involved 5 days training initially, and monthly meetings on an on-going basis, as well as some representation at disciplinaries and other applicable staff meetings.

### 2.5 Performance Indicators

2.5.1 As at the end of February 2017 the Internal Audit PIs are as follows:

	Predicted	Target	Current	Target
Core	100%	100%	82%	85%
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 audit work plan will be completed, it is intended to prioritise VAT and Community Engagement 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 The Audit Team Leader has also spent unscheduled time on future audit provision (internal and external) and Governance work/policies which has caused further slippage since the last report (approximately 5 days).
- 2.5.5 Sixteen post-audit surveys have been sent out to clients; fourteen 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 Council Tax, NNDR & Recovery

- 3.1.1 There are areas within Council Tax/NNDR and the Recovery section that are well run; the Revenues Team have recently overhauled their Procedure Notes (Council Tax), these seem to be comprehensive and adequate to enable others to cover duties should the need arise. NNDR have procedure notes in place and they are updated to reflect any legislative changes. There is adequate separation of duties in place.
- 3.1.2 Reliefs and exemptions for NNDR are being applied promptly. There were a small number of Council Tax accounts where the relief/exemption had not been applied promptly, but this was very low percentage.
- 3.1.3 The area of Valuation schedules being updated within the SLA of 5 working days has vastly improved. This has been since the restructure of the department and there now being cover available to carry out this work. The samples tested on average fell well within the 5 day SLA but in isolation there were samples where they exceeded the 5 day SLA.
- 3.1.4 Proof of posting documentation has also improved, with comprehensive workings to show the total number of bills produced, number of properties and referred extract records. There are a few recommendations which will hopefully improve this area further.
- 3.1.5 It is the overall opinion of the auditor that the Council Tax, NNDR and Recovery systems are adequately controlled.

Summary of Recommendations		
High	Medium	Low
0	5	0

#### 3.2 Housing Rents

- 3.2.1 Overall, the process for current and former tenant arrears is well controlled and this is reflected in the Housing Service's PI's for Rent Arrears as a Proportion of Rent Owed, and the % of Former Tenant Arrears as a Proportion of Annual Rent Debit where the service has historically and currently performed very well.

- 3.2.2 There were a small number of Housing Benefit overpayments on some tenant accounts, which pre-date 2006 when the Housing Service was responsible for recovery of certain Housing Benefit overpayments. These should be written off.
- 3.2.3 It is the overall opinion of the auditor that the Housing Rents system is well controlled.

Summary of Recommendations		
High	Medium	Low
0	3	0

### 3.3 Income & Cash Collection

- 3.3.1 There are areas of Income and Cash Collection that are well controlled including security of incoming post, banking's and the promptness and accuracy of invoicing by the Debtors section (once instructed), there is also much more automation of this process which is encouraging to see. However, service departments are still raising invoice instructions after the service has been provided. This increases the risk that the debt may not be paid although the service has been delivered.
- 3.3.2 The cash receipting process is also very good and extremely accurate.
- 3.3.3 One area of weakness is the reasons given at times for a refund/reversal on the cash receipting system.
- 3.3.4 It is the overall opinion of the auditor that the Income and Cash Collection system is adequately controlled.

Summary of Recommendations		
High	Medium	Low
0	4	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 15% @ 28 February compared to 22% @ 31 December which is the lowest it's been since records began (in this format) Jan 2015.
- 4.2 High Priority deadlines may only be extended with the Audit Committee's agreement. 3 high priority recommendations have been made so far this year, none since the last report, 2 of these are "not yet due" @ 28 February 2017.
- 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

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
Car Park Income	2016					5						0	5	0
Cemeteries & Bereavement	2016				2		3					2	0	3
Council Tax/NNDR	2016					5						0	5	0
Corporate Health & Safety	2015	1			8		1	2				11	0	1
Data Protection	2016		1		2		1					2	1	1
Emergency Planning	2015				1	1		2	1			3	2	0
FOI	2015		1		1		1		1			1	2	1
Housing Rents	2016					3						0	3	0
Income & Cash Collection	2016					4						0	4	0
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	4	1					1	4	1
Licensing	2016	1			5	1						6	1	0
Payroll	2015					1						0	1	0
Recruitment & Selection & JE	2015				6	1		4		1		10	1	1
Refuse & Recycling	2016				1			1		1		2	0	1
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				5		2					5	0	2
Vehicles & Fuel	2015	5			4	1	2					9	1	2
		8	2	0	80	32	20	11	4	4		99	38	24

CORE

SYSTEM

C = Completed  
N = Not yet due  
O = Overdue

[61%](#)[24%](#)[15%](#)

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## AUDIT COMMITTEE 21 MARCH 2017:

### WHISTLEBLOWING POLICY 2017

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

**Reason for Report:** To present the Committee with the updated Whistleblowing Policy.

**RECOMMENDATION:** That the Committee approves the amendments to the policy.

**Relationship to Corporate Plan:** This policy supports good governance arrangements enabling confidence in delivery of the Corporate Plan.

**Financial Implications:** None identified

**Legal Implications:** Any legal requirements are embedded in the policy; no new or additional implications arise.

**Risk Assessment:** Without this Policy MDDC is at increased risk of not detecting fraud, corruption or financial irregularities, which could result in loss to the Council or damage its reputation.

#### 1.0 Introduction

- 1.1 The Audit Team Leader has done a comprehensive re-write of the policy which hopefully addresses concerns raised at various committee meetings. The draft policy went to Scrutiny Committee on 13 February and the comments made at that meeting are reflected in the policy at Appendix A.
- 1.2 This policy was last approved at Audit Committee on 2 December 2014.
- 1.3 While the intent and legislation have not changed since the policy was last approved it is hoped that it is now more user friendly and that outside sources of advice and support are more clearly signposted.

#### 2.0 Conclusion and Recommendation

- 2.1 It is essential to have this policy in place to promote good governance and accountability within MDDC. The Committee is therefore asked to approve the revised policy.
- 2.2 This policy is reviewed every four years so unless there are any major changes the Committee will next review it in 2021.

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

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

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# Whistle-blowing Policy 2017



## 1.0 WHAT IS WHISTLEBLOWING?

- 1.1 *The disclosure by a person, usually an employee in a government agency or private enterprise, to the public or to those in authority, of mismanagement, corruption, illegality, or some other wrongdoing. (Legal Dictionary definition)*

## 2.0 WHAT IS A WHISTLEBLOWER?

- 2.1 You are a “whistleblower” if you’re a worker and you report certain types of wrongdoing. This will usually be something you’ve seen at work - though not always.
- 2.2 The wrongdoing you disclose must be “in the public interest”. This means it must affect others e.g. the general public. So if you believe, for example, that there is a breach of your contract of employment which only affects you this would be unlikely to meet this test.
- 2.3 For matters arising directly from employment and/or working practices of the Council, report these under MDDC’s Grievance Policy.  
<http://mddcsp10/policies-strategies/Policies/Human%20Resources/Grievance%20policy%20v4%20-%20November%202016.docx>
- 2.4 As a whistleblower you’re protected by law - you shouldn’t be treated unfairly or lose your job because you “blow the whistle”.
- 2.5 You can raise your concern at any time about an incident that happened in the past, is happening now or which you believe will happen in the near future.

## 3.0 WHO IS PROTECTED BY LAW?

- 3.1 You are protected if you’re:
- an employee, such as a police officer, NHS employee, office worker, factory worker
  - a trainee, such as a student nurse
  - an agency worker
  - independent contractors
- 3.2 Volunteers are not covered.
- 3.3 Get independent advice if you’re not sure you’re protected e.g. from Citizens’ Advice. (<http://www.adviceguide.org.uk/>)

# Whistle-blowing Policy 2017



## 4.0 WHAT KIND OF CONCERNS ARE COVERED?

4.1 The Public Interest Disclosure Act 1998 specifies “Qualifying Disclosures” as follows:

- a criminal offence, e.g. fraud
- someone’s health and safety is in danger
- risk or actual damage to the environment
- a miscarriage of justice
- the company is breaking the law, e.g. doesn’t have the right insurance
- you believe someone is covering up wrongdoing

4.2 A qualifying disclosure to the commission will be a ‘protected’ disclosure provided you make the disclosure in good faith.

4.3 The above list is not exhaustive, you may not be certain that there is “wrongdoing” because it is not mentioned in the above list. MDDC does not expect you to be able to prove malpractice. That is the Council’s responsibility. But if in doubt, please raise it.

## 5.0 COMPLAINTS THAT DON’T COUNT AS WHISTLE BLOWING

5.1 Personal grievances (e.g. bullying, harassment) aren’t covered by whistleblowing law, unless your particular case is in the public interest.

5.2 Report these under MDDC’s Dignity at Work Policy. <http://mddcsp10/policies-strategies/Policies/Human%20Resources/Dignity%20at%20Work/Dignity%20at%20Work%20Policy.docx>

5.3 Contact the Advisory, Conciliation and Arbitration Service (ACAS) [Home | Acas](#) for help and advice on resolving a workplace dispute.

## 6.0 WHO CAN I RAISE A CONCERN WITH?

6.1 This will often depend on the nature of the allegation and how serious it is. Normally you should raise any issues with your immediate line manager. If however, you feel that the matter cannot be resolved by talking to your line manager you can speak to your Group Manager or Team Leader.

6.2 If you do not feel able to contact any of these people you can talk to any one of the Council’s designated Whistle-blowing Advisers who are responsible for making sure that an enquiry is made into all concerns raised. These are:

- Kathryn Tebbey, Monitoring Officer, ext xxxx
- Catherine Yandle, Audit Team Leader, ext 4975

# Whistle-blowing Policy 2017



- Suzanne Kingdom, Auditor, ext 4236
- Nicky Chandler, Auditor, ext 4237

6.3 MDDC recognises that you may wish to seek advice and be represented by your Trade Union when using this policy (staff not belonging to the Trade Union may be represented by a work colleague). MDDC acknowledges and endorses the role Trade Union officers can play in helping to identify concerns and alert management of these.

6.4 There are other options if you don't want to report your concern to your employer, e.g. you can get legal advice from a lawyer, or tell a prescribed person or body.

6.5 The prescribed person or body for MDDC is our external auditors:

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

Or the Comptroller and Auditor General:

The Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
London  
SW1W 9SP

6.6 For complaints about Members please refer to the Monitoring Officer, the same protections will apply.

## 7.0 WILL MY IDENTITY BE KEPT CONFIDENTIAL?

7.1 It is in MDDC's interest that concerns are raised so we can put them right and we will protect you when you voice concerns, this includes protecting your confidentiality.

7.2 You can tell MDDC or a prescribed person anonymously but they may not be able to take the claim further if you haven't provided all the information they need.

7.3 You can give your name but request confidentiality - the person or body you tell should make every effort to protect your identity.

# Whistle-blowing Policy 2017



- 7.4 If you report your concern to the media, in most cases you'll lose your whistleblowing law rights.
- 7.5 You should be aware that if a concern leads to an investigation you will be asked to provide information and your identity may have to be disclosed. If this is the case, you will be informed in advance and the Council will make sure that you are given support and protection. MDDC will work to ensure that only those involved in the investigation are aware of your identity.
- 7.6 All documentation relating to the concern raised will be kept confidential and in a secure place.

## **8.0 WHAT IS THE PROCEDURE FOR INVESTIGATING A CONCERN?**

- 8.1 MDDC or the prescribed person will listen to your concern and decide if any action is needed. You may be asked for further information.
- 8.2 You must say straight away if you don't want anyone else to know it was you who raised the concern.
- 8.3 You won't have a say in how your concern is dealt with.
- 8.4 The first decision to make is whether the matter needs to be investigated at all. This does not mean that your concern will be brushed aside, simply that there may be a simple explanation. For example, your line manager (or the person you have raised the concern with) may know that the practice is legal or authorised.
- 8.5 If the decision is taken to proceed with an investigation, this will then be carried out in accordance with the Council's Investigation procedures.
- 8.6 MDDC or the prescribed person can keep you informed about the action they've taken, but they can't give you much detail if they have to keep the confidence of other people.
- 8.7 A prescribed person can't help you with your relationship with MDDC.

## **9.0 8.0 WILL I BE PROTECTED FROM VICTIMISATION?**

- 9.1 As long as you reasonably believe the disclosure is "in the public interest" you are protected by law.
- 9.2 You can take a case to an employment tribunal if you've been treated unfairly because you have "blown the whistle".

## Whistle-blowing Policy 2017



9.3 You can get further information from ACAS, Citizens' Advice, the whistleblowing charity Public Concern at Work or your trade union.

9.4 You must raise any claim of unfair dismissal within 3 months of your employment ending.

### **10.0 WHAT WILL HAPPEN IF MY CONCERN IS NOT UPHeld?**

10.1 You may raise a genuine concern that is not upheld by an investigation. In such circumstances you will be thanked for raising your concerns. No action will be brought against you. You will continue to be protected against victimisation.

### **11.0 WHAT HAPPENS IF A MALICIOUS ALLEGATION IS MADE?**

11.1 If the Council believes that you made an allegation frivolously, maliciously or for personal gain you will face disciplinary action.

### **12.0 RESPONSIBILITY FOR THIS POLICY**

12.1 The Audit Team Leader has overall responsibility for the maintenance and operation of this Policy. The Policy will be reviewed and updated to ensure that it is both up to date and working as intended.

12.2 A confidential record of disclosure and its outcomes will be kept for a period of 5 years from the date all action was concluded on the matter. Reports will be made to the Scrutiny Committee on a half yearly basis to inform them of the number of instances of Whistleblowing and which category they fall into. However, no personal details will be listed to ensure that confidentiality is not jeopardised.

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## AUDIT COMMITTEE 21 MARCH 2017

### RISK & OPPORTUNITY MANAGEMENT STRATEGY

**Cabinet Member** Cllr Peter Hare-Scott, Cabinet Member for Finance  
**Responsible Officer** Catherine Yandle, Internal audit Team Leader

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

#### RECOMMENDATIONS:

- i. **The Committee approves the amendments to the reporting criteria outlined in section 2 below.**
- ii. **The Committee approves the updated Risk & Opportunity Management Strategy subject to the above recommendation (Appendix A).**

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

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

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

#### Risk Assessment:

- i. Failure to take advantage of opportunities and mitigate business risks could impact on the Council's ability to deliver its strategic objectives.
- ii. Assessment of the effectiveness of the framework for identifying and managing risks and for performance and demonstrating clear accountability is a key element of the Council's governance arrangements.

#### 1.0 Introduction

- 1.1 The Risk & Opportunity Management Strategy was last updated and approved by the Audit Committee on 15 March 2016.
- 1.2 The Council has a legal obligation to comply with the requirements placed upon it by the Accounts and Audit Regulations (2015) to conduct a review at least once a year of its system of internal control and include a statement reporting on the review with any published Statement of Accounts. For a local authority in England that statement is the Annual Governance Statement as will be presented to this Committee with the Statement of Accounts in May.
- 1.3 One of the principles of good governance as defined by the International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) is:

Managing risks and performance through internal control and strong public financial management.

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

1.5 The purpose of this report is to update the Council's Risk & Opportunity Management Strategy (attached as Appendix A) for the 2017/18 financial year. For ease of reference the changes to the document have been tracked.

## 2.0 Risk Appetite/Tolerance and Reporting

2.1 Risk appetite is best summarised as 'the amount of risk an organisation is willing to seek or accept in pursuit of its long term objectives'. The Council aims to be risk aware, but not overly risk averse and to actively manage business risks to protect and grow the organisation. The Council's risk appetite scoring diagram or matrix is shown in section 2.3 below.

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

- **4 or less – Low**, a negligible risk, considered acceptable, no further action required where there is no foreseeable further risk of harm or discomfort; and any foreseeable risk is no more than inconvenience;
- **5 to 12 – Medium**, considered acceptable, no further action required, other than ensuring controls in place are effective and that the associated costs are not excessive, risks are not being over controlled; and
- **15 to 25 - High**, these risks may require some additional controls to reduce likelihood/impact and continual monitoring of effectiveness of controls.

2.3 The decision was made previously to report all risks that score 15 or above as well as those that score a 5 for impact, irrespective of their overall score. This is reflected in our present risk matrix:

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



2.4 In order that resources are concentrated on the risks most likely to jeopardise the Council’s Priorities it is proposed that the risk tolerance and risk scoring matrix are changed as follows:

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

The resultant matrix would look like this:

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

2.5 Reporting could then be reasonably changed to 10 and above which would be easily managed on SPAR, the Corporate Service Performance and Risk Management system.

### 3.0 Conclusion

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

3.2 Approval of the amendments to the reporting criteria will enable the Council to concentrate resources on risks most likely to jeopardise the Council’s Priorities.

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

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

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

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# Risk & Opportunity Management Strategy ~~2016/17~~2017/18

## 1.0 BACKGROUND

- 1.1 This combined Risk and Opportunity Management Strategy details the Council's framework for managing business risk and opportunity. ~~The Risk and Opportunity Management framework is the culture, processes and structures that are directed towards effective management of potential risks and opportunities that the council faces in delivering its objectives. The management of risk and opportunity is now acknowledged as a feature of public sector management. It is an integral part of the Council's Corporate Governance arrangements and the Council has a statutory responsibility under the Account and Audit Regulations to put in place arrangements for the management of risks.~~

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- 1.2 The definition of risk varies. ALARM (the Association of Local Authority Risk Managers) and the Audit Commission define Risk Management as follows:

### ALARM

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

### Audit Commission

*"Risk Management is the process of identifying risks, evaluating their potential consequences and determining and implementing the most effective way of controlling and monitoring them. The objective of the process is to enable objectives to be achieved in the optimum way and to control negative factors or risks which could impact on an organisation's success"*

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

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

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

- The identification and analysis of risks and opportunities
- Risk and opportunity management, which encompasses the planning, controlling and monitoring of the information derived from the risk and opportunity analysis.

## 2.0 PURPOSE, AIMS AND OBJECTIVES

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

- An efficient control environment
- ~~The overt allocation of A~~accountability for risk and opportunity management throughout the organisation

## Risk & Opportunity Management Strategy ~~2016/17~~2017/18



- ❑ A culture where officers and Members are able to be more creative and innovative in taking opportunities that benefit the Council and the District provided that there is clear analysis of the risks and a robust justification for the decision
  - ❑ A well-established risk and opportunity assessment process which ensures that risks and opportunities are considered and managed as part of the decision making process
  - ❑ Performance monitoring of risk and opportunity management activity
  - ❑ Communications process to support risk and opportunity management
  - ❑ A robust opinion for the Annual Governance Statement which comments of the adequacy of the Council's risk and opportunity management arrangements
  
- 2.2 The aim of the MDDC Risk and Opportunity Management Strategy is to adopt best practices in the identification and evaluation of risks and opportunities and the cost-effective control of risks to ensure that they are reduced to an acceptable level.
  
- 2.3 It is acknowledged that some risks will always exist and will never be eliminated. All employees must understand the nature of risk and accept responsibility for risks associated with their area of authority. The necessary support, assistance and commitment of senior management will be provided.
  
- 2.4 The risk and opportunity management objectives of the Council are to:
  - ❑ Embed risk and opportunity management into the culture of the Council
  - ❑ Fully incorporate risk and opportunity management as an integral part of corporate planning, business planning, project management and performance management
  - ❑ Manage risk and opportunity in accordance with best practice and in particular in accordance with the requirements of the Annual Governance Statement
  - ❑ Consider legal compliance as a minimum
  - ❑ Prevent injury and damage and reduce the cost of risk
  - ❑ Raise awareness of the need for risk and opportunity management
  
- 2.5 These objectives will be achieved by:
  - ❑ Establishing a clear risk and opportunity management process that is communicated to all officers and Members
  - ❑ Clearly define roles and responsibilities for risk and opportunity management
  - ❑ Developing an action plan for embedding risk and opportunity management with tasks and milestones for monitoring progress against targets
  - ❑ Providing risk and opportunity management training to officers and members
  - ❑ Completing corporate and operational risk and opportunity management workshops to identify risks
  - ❑ Conducting risk and opportunity management workshops to identify the risks and opportunities of any major projects
  - ❑ Maintaining and reviewing a register of corporate, operational and project risks and opportunities and assigning ownership for each risk
  - ❑ Ensuring that reports to the Cabinet, Scrutiny Committee, Audit Committee, Policy Development Groups (PDGs) and Regulatory Committees include a risk and opportunity assessment
  - ❑ Identifying risks and opportunities in relation to working in partnerships

# Risk & Opportunity Management Strategy ~~2016/17~~2017/18



- Ensuring that the Cabinet, Audit Committee, ~~and~~ Scrutiny Committee ~~and~~ PDGs receive ~~quarterly~~ quarterly-regular reports on the key business risks and opportunities and takes action to ensure that business risks and opportunities are being actively managed

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

### 3.0 ROLES AND RESPONSIBILITIES

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

3.2 The **Audit Committee** will approve this risk and opportunity management strategy and any subsequent revisions. They will also monitor the effective development and operation of risk and opportunity management within the Council by receiving ~~quarterly~~ quarterly-regular progress reports on the Council's key business risks and opportunities, takes appropriate action to ensure that they are being actively managed and will consider the adequacy of the Council's risk and opportunity management arrangements as part of the Annual Governance Statement.

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

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

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

3.6 The **Policy Development Groups (PDGs)** will receive updates on risks and opportunities relating to any policy development matters that they are working on and this is expected to be in the form of a risk and opportunity assessment as part of the working group papers or report to the Group.

3.7 The **Finance Cabinet Member** will:

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

# Risk & Opportunity Management Strategy ~~2016/17~~2017/18

APPENDIX A



3.8 **Heads of Service/Service-Group Managers** will be responsible for:

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

3.9 The ~~Head of Communities and Governance~~Internal Audit Team Leader is responsible for providing assurance to the Council through monitoring the implementation and effectiveness of this risk and opportunity management strategy and for reviewing compliance with mitigating controls introduced by the Service Managers. The ~~Head of Communities and Governance~~Internal Audit Team Leader will comment upon the effectiveness of the risk and opportunity management process in work undertaken to support the Annual Governance Statement. ~~The Head of Communities and Governance will also chair the Council's Health & Safety Committee to ensure that any risks arising from the work of this group will be incorporated into the Corporate Risk Register.~~

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

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

## 4.0 STRATEGIC, OPERATIONAL AND PROJECT RISKS

4.1 Broadly speaking risks can be divided into three categories:

- **Strategic** – risks which need to be taken into account in judgements about the medium to long term goals and objectives of the Council whilst at the same time considering the opportunities; and
- **Operational** – risks and opportunities which managers will encounter in the daily course of their work.

# Risk & Opportunity Management Strategy ~~2016/17~~2017/18



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

## 4.2 Strategic Risks

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

4.2.2 The major categories of strategic risk are:

- **Political** – associated with failure to deliver either local or central government policy. The Council could also potentially be at risk from the actions of other agencies, other Councils, partner organisations, etc.
- **Economic** – affecting the ability of the council to meet its financial commitments. These include internal budgetary pressures as well as external factors affecting the economy as a whole.
- **Social** – relating to the effects of changes in demographic, residential or socio-economic trends on the council's ability to deliver its objectives.
- **Technological** – associated with the capacity of the council to deal with the pace/scale of technological change, or its ability to use technology to address changing demands.
- **Data Protection/Information Security** – this includes the consequences of data/information transfer between the Council and other Bodies i.e. Government Connect, Partnership working, etc.
- **Legislative** – associated with current or potential changes in national or European Law.
- **Health and Safety** – This includes all aspects of Health & Safety as well as the Corporate Manslaughter legislation
- **Environmental** – relating to the environmental consequences of progressing the council's strategic objectives (e.g. in terms of climate change including energy efficiency, pollution, recycling, landfill requirements, emissions, etc).
- **Competitive** – affecting the competitiveness of the service (in terms of cost or quality) and/or its ability to deliver Value for Money.
- **Customer/Citizen** – associated with failure to meet the current and changing needs and expectations of customers and citizens.
- **Partnership** – associated with working in partnership or sharing services with another local authority or partner

## 4.3 Operational Risks

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

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

## Risk & Opportunity Management Strategy ~~2016/17~~2017/18



- ❑ **Financial** – associated with financial planning and control and the adequacy of insurance cover.
- ❑ **Legal** – related to possible breaches of legislation.
- ❑ **Personal Safety** – related to lone working and the potential to encounter aggressive or confrontational people whilst carrying out their duties.
- ❑ **Physical** – related to fire, security, accident prevention and health and safety (e.g. hazards/risk associated with buildings, vehicles, plant and equipment, etc).
- ❑ **Contractual** – associated with the failure of contractors to deliver services or products to the agreed cost and specification.
- ❑ **Technological** – relating to reliance on operational equipment and the potential for technological failure (e.g. IT systems or equipment and machinery)

#### 4.4 Project Risks

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

- ❑ **People** – associated with whether we have the right people with the right skills involved in the task/project. This also concerns getting buy in from staff at all levels of the organisation, Members and potentially external stakeholders
- ❑ **Technical** – associated with the Councils reliance on the software provider to deliver what has been agreed in the contract and that they provide support for dealing with any systems problems or issues
- ❑ **Cost** – associated with the potential for the project to go over budget if the people and technical matters are not delivered as per the Business Case and PID
- ❑ **Time** – ensure that the right amount of time is allocated to the project as well as sufficient contingency as slippage can cause to project delay/failure and this can also have an impact on cost and quality
- ❑ **Quality** – depending on what goes into the project will determine the quality of the output

#### 4.5 Opportunities

4.5.1 Opportunities are to be considered at the same time as the risks. Examples may include:

- ❑ Spend to save projects where the Council will benefit from reduced expenditure or increased income in the future
- ❑ Transformational change which will generate cost savings or an income stream
- ❑ Opportunities for great partnership working with our stakeholders or other local authorities
- ❑ Opportunities to streamline working processes
- ❑ Opportunities to boost the local economy
- ❑ Opportunities to deliver and improve housing within the District
- ❑ Opportunities to protect and enhance our environment
- ❑ Opportunities to make a difference to our communities and to empower them



# Risk & Opportunity Management Strategy 2016/172017/18



- Delivery of the objectives in the Corporate Plan and Service Business Plans

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

## 5.0 RISK MANAGEMENT PROCESS

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



### 5.2 Step 1 – Identify Risks and Opportunities

All sources of risk and opportunity need to be identified. These should include strategic, operational and project risks.

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### 5.3 Step 2 – Analysing Risks and Opportunities

Once the risks and opportunities have been identified they then need to be analysed to consider the impact/severity and likelihood or any risks occurring and the potential benefits of any opportunities.

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#### Risk

##### Impact/Severity

The impact of the threat being realised is defined as:

	Score		Definition
Very Low	1	No impact	No notable impact identifiable
Low	2	Minor	Affects only one group of stakeholders, with minimum impact. Organisationally localised, with position recoverable within the financial period. No external interest
Medium	3	Significant	Affects more than one group of stakeholders, with widespread but short-term impact. May attract the short-term attention of legislative/regulatory bodies.

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# Risk & Opportunity Management Strategy ~~2016/17~~2017/18



High	4	Major	Affects more than one group of stakeholders with widespread medium-term impact. Attracts the medium-term attention of legislative/regulatory bodies.
Very High	5	Catastrophic	Medium to long term impact on performance and delivery of services. Affects all groups of stakeholders, with a long-term impact. National impact with the rapid intervention of legislative/regulatory bodies.

**Risk**

Likelihood

The likelihood of the threat being realised is expressed on a scale of 1-5, using the definitions below:

	Score		Definition
Very Low	1	Rare	May occur in exceptional circumstances
Low	2	Possible	Risk may occur in the next 3 years
Medium	3	Likely	The risk is likely to occur more than once in the next 3 years
High	4	Almost certain	The risk is likely to occur this year
Very High	5	Certain	The risk has occurred and will continue to do so without action being taken

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

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

Where the scores of impact x likelihood equal the total risk score. Risks scoring between 15 and 25 would be classed as high risk (red) with 25 being the biggest risk. Risks scoring between 5 and 12 would be classed as medium risk (amber) and risks scoring between 1 and 4 would be low risk (green). Risks that score 15 or above (as well as those that score a 5 on impact irrespective of their overall score) will be classed as the Council's key business risks and will be reported to the Audit Committee, Cabinet and Scrutiny Committee on a quarterly basis.

Once analysed the risks need to be ranked and prioritised according to their likelihood and severity i.e. those scoring 25 will be at the top of the list and those scoring 1 will be at the bottom of the list.

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

# Risk & Opportunity Management Strategy ~~2016/17~~2017/18

## Benefits of Opportunities

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

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

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## 5.5 Step 3 – Control the Risks

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

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

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

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

## 5.6 Step 4 – Monitor and Report Progress

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

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

## 6.0 RISK AND OPPORTUNITY MANAGEMENT TRAINING AND AWARENESS

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

6.2 Once the Strategy has been agreed all officers and Members will be required to read the policy and answer questions using the new Insight policy system.

## Risk & Opportunity Management Strategy ~~2016/17~~2017/18

APPENDIX A



- 6.3 The ~~Head of Communities and Governance~~ Internal Audit Team Leader will regularly raise awareness of Risk and Opportunity Management through the Officer newsletter (the Link), the Member newsletter (WIS) and through briefing sessions.

## AUDIT COMMITTEE 21 MARCH 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. January figures are not yet available from Devon County Council.
- 2.2 Most of the PIs are above target with only 2 showing below target: **% of missed collections reported (refuse and organic)**; which is only marginally under target there have been a small increase in missed collections in the ¼ due to some staff changes in the waste service. One round has had a new driver due to an employee leaving and one round had a new loader due to a retirement. It takes a little time for route knowledge to be built up. The performance should improve back to normal shortly.
- 2.3 **Number of Households on Chargeable Garden Waste**; sales/renewals for November and December declined, it seems that customers are reluctant to renew their permits over the winter period when they are not using the bin. An increase in sales should be evident over the spring/summer period. There was an increase in the month of January.

### Homes Portfolio - Appendix 2

- 2.4 Performance in respect of Housing Rents, **Rent Collected as a Proportion of Rent Owed** and **Rent Arrears as a Proportion of Annual Rent Debit** is on or above target, and the **Percentage of Decent Council Homes** has remained at 100% for the last quarter.
- 2.5 The PI for the **Average Days to Re-let** time has shown improvement since the last report; the average number of days has reduced by 1.4 days since December and brought it back to 14.9 days against a target of 16 days.
- 2.6 There is still one property where the gas certificate has expired, but the reason for this is explained fully within the PI report.
- 2.7 The **Local Plan Review** is still on target for submission by 31 March with the consultation having now been completed.

### Economy Portfolio - Appendix 3

- 2.8 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.
- 2.9 For **empty shops**, counted at the start of quarter Q4, for all three towns the number has gone down to the same as at the same quarter last year, all three PIs also meet or are better than target. The UK average in April 16 was 10.1% all three towns now have a vacancy rate lower than this which is positive.

- 2.10 There will be statistics to reflect the general state of MDDC's economy available from time to time.

Community Portfolio - Appendix 4

- 2.11 **Compliance with food safety law** is on target which means that 90% of premises were again rated 4 or above under the Food Hygiene Rating Scheme.
- 2.12 **Total number of users** is above the cumulative target and has been over 75,000 per month every month except August and December this year. Other results are a little disappointing.

Corporate - Appendix 5

- 2.13 The **working days lost due to sickness** is lower than target.
- 2.14 The **Response to FOI requests** remains on target compared to being 'well below target' for 2015/16 which was due to a vacancy.
- 2.15 The **Performance Planning Guarantee determined within 26 weeks** was 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.
- 2.16 The PIs for Customer First are all on target or above with both visitors to Phoenix House and digital payments remaining steady.

**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) Financial risks not scored.
- 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

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

### Corporate Plan PI Report Environment

#### Priorities: Environment

#### Aims: Increase recycling and reduce the amount of waste

#### Performance Indicators

Title	Prev Year (Period)	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>	329.42 (3/4)	424.08	421.00	0.00	0.00	95.36	0.00	0.00	183.10	211.13	242.85	273.41				273.41 (9/12)	Stuart Noyce	
<u>% of Household Waste Reuse, Recycled and Composted</u>	50.9% (3/4)	50.6%	52.0%			55.9%			56.2%	55.8%	55.3%	53.7%				53.7% (9/12)	Stuart Noyce	
<u>Net annual cost of waste service per</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	n/a	Andrew Jarrett, Stuart Noyce	

**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
<b>household</b>																		
<b><u>Number of Households on Chargeable Garden Waste</u></b>	6,097 (3/4)	7,021	10,000	0	0	8,431	0	0	8,533	8,615	8,298	8,280	8,327			8,327 (10/12)	Stuart Noyce	(January) The PI is currently below target, some customers seem reluctant to renew over the winter period when they are not using the bin. There should be more take up over the spring period. A promotional flyer is being sent out with the annual Council Tax bills in March. (SK)
<b><u>% of missed collections reported (refuse and organic waste)</u></b>	0.02% (3/4)	0.02%	0.03%			0.03%			0.03%	0.03%	0.03%	0.03%	0.04%			0.04% (10/12)	Stuart Noyce	(January) There have been a small increase in missed collections in the ¼ due

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**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
																		to some staff changes in the waste service. One round has had a new driver due to an employee leaving and one round had a new loader due to a retirement. It takes a little time for route knowledge to be built up. The performance should improve back to normal shortly. (SK)
<b>% of Missed Collections logged (recycling)</b>	0.13% (3/4)	0.12%	0.03%			0.04%			0.04%	0.03%	0.03%	0.03%	0.03%			0.03% (10/12)	Stuart Noyce	

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**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>	16 (3/4)	21		0	0	2	2	2	5	5	5	7	8			8 (10/12)	Stuart Noyce	

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

#### Corporate Plan PI Report Homes

##### Priorities: Homes

##### Aims: Build more council houses

Performance Indicators																		
Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Actual to Date	Head of Service / Manager	Officer Notes
<u>Build Council Houses</u>		14	30	n/a	n/a	0	n/a	n/a	0	n/a	n/a	0	n/a	n/a		0 (3/4)	Nick Sanderson	(Quarter 3) 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
<u>Number of affordable homes delivered (gross)</u>	19 (3/4)	27	80	n/a	n/a	16	n/a	n/a	19	n/a	n/a	27	n/a	n/a		27 (3/4)	Angela Haigh	
<u>Deliver 15 homes per year by bringing Empty Houses into use</u>	5 (3/4)	8	15	0	1	2	3	5	5	5	10	17	21			21 (10/12)	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
<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</u>	236 (3/4)	295	No Target - for information	n/a	n/a	70	n/a	n/a	136	n/a	n/a	224	n/a	n/a		224 (3/4)	Angela Haigh	

**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>Prevention Cases</u>			only															
<u>% Decent Council Homes</u>	99.5% (10/12)	100.0%	100.00%	100.00%	100.00%	100.00%	100.00%	99.97%	99.97%	99.97%	100.00%	100.00%	100.00%			100.00% (10/12)	Angela Haigh, Nick Sanderson	
<u>% Properties With a Valid Gas Safety Certificate</u>	100.0% (10/12)	99.9%	100.00%	99.86%	99.78%	99.91%	99.87%	99.82%	99.96%	99.68%	99.95%	99.95%	99.95%			99.95% (10/12)	Angela Haigh	(January) The expired property is a long term No Access issue. The property is considered abandoned. MDDC to seek possession for non-payment of rent. Gas meter associated with the property is located internally, which means that we are unable to isolate the supply. (WD)
<u>Rent Collected as a Proportion of Rent Owed</u>	99.6% (10/12)	99.7%	100.00%	95.52%	96.76%	97.31%	97.77%	99.76%	99.56%	99.66%	99.67%	100.52%	100.05%			100.05% (10/12)	Angela Haigh	
<u>Rent Arrears as a Proportion of Annual Rent Debit</u>	1.0% (10/12)	0.7%	1.00%	0.87%	1.00%	1.04%	1.07%	0.10%	1.01%	1.00%	1.00%	0.70%	0.95%			0.95% (10/12)	Angela Haigh	
<u>Dwelling rent lost due to voids</u>	0.68% (10/12)	0.75%	no target - for information	0.7%	0.7%	0.7%	0.7%	0.6%	0.6%	0.6%	0.1%	0.6%	0.5%			0.5% (10/12)	Angela Haigh	

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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
			only															
<u>Average Days to Re-Let Local Authority Housing</u>	16.2days (10/12)	16.3days	16.0days	21.9days	16.8days	17.2days	16.8days	16.3days	15.6days	12.4days	16.4days	16.3days	14.9days			14.9days (10/12)	Angela Haigh	

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### Corporate Plan PI Report Economy

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

**Key to Performance Status:**

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

#### Corporate Plan PI Report Economy

#### Priorities: Economy

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

##### Performance Indicators

Title	Prev Year (Period)	Prev Year Target 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
<b>Number of business rate accounts</b>		2,872		2,860	2,863	2,868	2,864	2,870	2,880	2,880	2,889	2,899	2,906			2,906 (10/12)	John Chumbley	

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

##### Performance Indicators

Title	Prev Year (Period)	Prev Year Target 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
<b>Number of Apprentice starts at MDDC</b>			13	9	0	0	14	0	0	13	16	11	10			10 (9/12)	Jill May	(June) Government target proposed is 2.3% of FTEs (SK)

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

##### Performance Indicators

Title	Prev Year (Period)	Prev Year Target 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
<b>Increase in Car Parking Vends</b>	n/a	n/a		0	0	129,488	0	0	159,929	53,786	52,876	55,112	48,951			48,951 (10/12)	Andrew Jarrett	
<b>Tiverton Town Centre Masterplan</b>	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	
<b>The Number of Empty Shops (TIVERTON)</b>	16	16	18	n/a	n/a	18	n/a	n/a	17	n/a	n/a	18	n/a	n/a	16	16	John Bodley-Scott	(Quarter 4) 16 out of 231 making a vacancy rate of 6.5% (JB)
<b>The Number of Empty Shops (CREDITON)</b>	7	7	8	n/a	n/a	9	n/a	n/a	7	n/a	n/a	8	n/a	n/a	7	7	John Bodley-Scott	(Quarter 4) 7 out of 117 units making a vacancy rate of 6.0% (Jan 2017) (JB)
<b>The Number of Empty Shops (CULLOMPTON)</b>	8	8	8	n/a	n/a	10	n/a	n/a	10	n/a	n/a	10	n/a	n/a	8	8	John Bodley-Scott	(Quarter 4) 8 out of 84 units making a vacancy rate of 9.5%

**Corporate Plan PI Report Economy****Priorities: Economy****Aims: Improve and regenerate our town centres****Performance Indicators**

Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Actual to Date	Head of Service / Manager	Officer Notes
																		(Jan 2017) (JB)

**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
<b>Local Plan Review</b>	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	n/a	Jenny Clifford	
<b>Funding awarded to support economic projects</b>	n/a	n/a	No target - for information only	n/a	n/a	£53,092	n/a	n/a	£56,842	n/a	n/a	£56,842	n/a	n/a		£56,842 (3/4)	John Bodley-Scott	

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 Service / Manager
<b>Total number of users is at least 900,000</b>	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	780,484	864,034		864,034 (11/12)	Jill Me
<b>Operational Recovery Rate</b>	85.57% (3/4)	87.52%	88%			84%			83%	82%	83%	84%				84% (9/12)	Lee Chest Karen Spark
<b>Adult Zest Members</b>	n/a	n/a	3,800	3,612	3,546	3,607	3,460	3,459	3,418	3,350	3,269	3,248	3,260	3,294		3,294 (11/12)	Lee Chest Karen Spark
<b>Junior Zest Members</b>	n/a	n/a	2,450	2,495	2,460	2,444	2,349	2,301	2,344	2,357	2,340	2,326	2,417	2,409		2,409 (11/12)	Lee Chest Karen Spark
<b>Attrition Adult Members</b>	n/a	n/a	4.50%	4.48%	4.88%	6.01%	6.59%	4.94%	9.31%	6.90%	5.83%	4.52%	7.36%	5.74%		5.74% (11/12)	Lee Chest Karen Spark
<b>Attrition Junior Members</b>	n/a	n/a	5.00%	4.05%	3.41%	4.58%	4.43%	4.13%	4.74%	4.41%	2.95%	3.31%	2.91%	2.76%		2.76% (11/12)	Lee Chest Karen Spark
<b>Introduce Trimtrails across the District</b>	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	Jill Me Simor Newco

**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
<b>Number of social media communications MDDC send out</b>	n/a	n/a	For information only	117	115	67	86	87	95	190	342	293	269			269 (10/12)	Liz Reeves	(January) No. c Posts Publisher No. of Tweets 1 (MA)
<b>Number of web hits per month</b>	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	33,752			33,752 (10/12)	Liz Reeves	
<b>Local Plan Review</b>	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	
<b>Compliance with food safety law</b>	n/a	n/a	90%	90%	91%	91%	90%	91%	91%	90%	90%	90%	90%			90% (10/12)	Simon Newcombe	

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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
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\* 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	Apr Act
<u>% of complaints resolved w/in timescales (10 days - 12 weeks)</u>	98% (3/4)	93%	90%	0%	0%	94%	0%	0%	89%	100%	95%	88%	95%			
<u>Number of Complaints</u>	87 (3/4)	95	For information only	55	26	25	16	30	27	26	20	16	20			
<u>Planning Applications: over 13 weeks old</u>	36 (3/4)	40	45	n/a	n/a	37	n/a	n/a	39	n/a	n/a	33	n/a	n/a		
<u>New Performance Planning Guarantee determine within 26 weeks</u>	96% (3/4)	97%	100%	n/a	n/a	93%	n/a	n/a	97%	n/a	n/a	98%	n/a	n/a		
<u>Major applications determined within 13 weeks (over last 2 years)</u>	n/a	n/a	50%	n/a	n/a	51%	n/a	n/a	66%	n/a	n/a	71%	n/a	n/a		
<u>Response to FOI Requests (within 20 working days)</u>	88% (3/4)	87%	90%	95%	100%	96%	98%	91%	100%	92%	90%	85%	97%			
<u>Working Days Lost Due to Sickness Absence</u>	5.71days (3/4)	8.12days	8.00days	0.00days	0.00days	1.71days	1.71days	1.71days	3.73days	4.50days	5.17days	5.83days	6.64days			6.64
<u>% total Council tax collected - monthly</u>	93.98% (10/12)	98.12%	98.50%	11.33%	20.55%	29.70%	38.70%	47.82%	56.94%	66.81%	76.20%	85.05%	94.05%	97.23%		97
<u>% total NNDR collected - monthly</u>	91.48% (10/12)	99.10%	99.20%	12.42%	19.96%	33.96%	42.37%	49.64%	61.48%	71.40%	76.81%	84.78%	92.87%			92
<u>Number of visitors per month &lt; 4,000</u>	4,212 (10/12)	4,191	4,000	2,843	2,940	3,014	2,906	2,883	2,890	2,906	2,906	2,813	2,797			
<u>Satisfaction with front-line services</u>	81.33% (3/4)	80.75%	80.00%	82.35%	78.57%	75.68%	81.25%	81.67%	80.56%	81.40%	82.00%	82.86%	82.46%			82
<u>Number of Digital payments</u>	32,680 (3/4)	43,087	For information only	5,628	11,894	17,622	23,513	29,062	34,858	42,473	49,804	54,711	60,034			60

**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	Ac

## 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: Housing Services**

<b>Current Status: Medium (5)</b>	<b>Current Risk Severity: 5 - Very High</b>	<b>Current Risk Likelihood: 1 - Very Low</b>
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**Head of Service: Nick Sanderson**

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

**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**

<b>Current Status: Medium (5)</b>	<b>Current Risk Severity: 5 - Very High</b>	<b>Current Risk Likelihood: 1 - Very Low</b>
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**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 Report Appendix 6

**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: Medium (5)**

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

**Current Risk Likelihood: 1 - Very Low**

**Head of Service: Andrew Jarrett**

**Review Note:**

**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: Medium (5)**

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

**Current Risk Likelihood: 1 - Very Low**

**Head of Service: Andrew Jarrett**

**Review Note:**



## Risk Report Appendix 6

**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: Medium (10)**

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

**Current Risk Likelihood: 2 - Low**

**Head of Service: Alan Keates**

**Review Note:** Cannot be fully aware as others may have hidden disabilities.  
Employee responsibility to inform employer

**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: Medium (5)**

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

**Current Risk Likelihood: 1 - Very Low**

**Head of Service: Liz Reeves**

**Review Note:**

**Risk: Electrical testing** Risk of electrocution or fire in Council Properties

**Effects (Impact/Severity):** Failure to carry out periodic electrical testing could result in the risk of electrocution or fire.

**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 every 5 years as part of the cyclical testing programme.

## Risk Report Appendix 6

**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: 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 Report Appendix 6

**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. It is likely that the new Homelessness Reduction Bill currently being read in Parliament will also have an impact on service demands in its current form.

**Effects (Impact/Severity):** - Dissatisfied customers and increase in complaints.

- This will involve an increase in officer time in dealing with Homelessness prevention and early intervention.

- Possible increase in temporary accommodation usage.

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

- Lack of private sector housing.

**Service: Housing Services**

**Current Status: High (16)**

**Current Risk Severity: 4 - High**

**Current Risk Likelihood: 4 - High**

**Head of Service: Nick Sanderson**

**Review Note:** Housing Options team keep up to date with case law updates and comply with legislation changes as and when required.

**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 (20)**

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

**Current Risk Likelihood: 4 - High**

**Head of Service: Liz Reeves**

**Review Note:** Increased awareness training for all staff and members, Information Security training calendar to ensure all year reminders.  
Trialling systems to send phishing emails to staff as training tool.

**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 their appears to be a movement in the structure causing the glass doors to bow

**Causes (Likelihood):** Survey done, not weight bearing. Market manager is inspecting regularly.

**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

<b>Current Status: Medium (10)</b>	<b>Current Risk Severity: 5 - Very High</b>	<b>Current Risk Likelihood: 2 - Low</b>
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Head of Service: Jill May

Review Note:

### **Risk: Swimming Lessons** Swimming Lessons

Effects (Impact/Severity):

Causes (Likelihood):

Service: Leisure Services

<b>Current Status: Medium (10)</b>	<b>Current Risk Severity: 5 - Very High</b>	<b>Current Risk Likelihood: 2 - Low</b>
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Head of Service: Jill May

Review Note:

### **Risk: Swimming Pool** Swimming pool & spectator walkway

Effects (Impact/Severity):

Causes (Likelihood):

Service: Leisure Services

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

<b>Current Status: Medium (5)</b>	<b>Current Risk Severity: 5 - Very High</b>	<b>Current Risk Likelihood: 1 - Very Low</b>
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Head of Service: Stuart Noyce

Review Note: No change

## Risk Report Appendix 6

**Risk: Widespread fire in block of flats** Fire in our multiple occupancy properties, could result in widespread damage, injury or even 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:** The Corporate H & S Officer has now carried out Fire Risk Assessments in the common rooms at Broad Lane and Westfield Road.

Housing Caretakers inspect communal areas on a 5 week cycle, which includes checking fire exit doors and signage.

Any issues are reported to the relevant Neighbourhood Officer.

Printed by: Catherine Yandle

SPAR.net

Print Date: 02 March 2017 14:31

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# Risk Matrix

Report  
For MDDC - Services  
Current settings

<b>Risk Likelihood</b>	<b>5 - Very High</b>	No Risks	No Risks	No Risks	No Risks	No Risks
	<b>4 - High</b>	No Risks	1 Risk	2 Risks	2 Risks	2 Risks
	<b>3 - Medium</b>	No Risks	4 Risks	9 Risks	10 Risks	3 Risks
	<b>2 - Low</b>	2 Risks	13 Risks	33 Risks	16 Risks	11 Risks
	<b>1 - Very Low</b>	7 Risks	11 Risks	11 Risks	18 Risks	16 Risks
		<b>1 - Very Low</b>	<b>2 - Low</b>	<b>3 - Medium</b>	<b>4 - High</b>	<b>5 - Very High</b>
		<b>Risk Severity</b>				

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## AUDIT COMMITTEE 21 MARCH 2017

### DRAFT STRATEGIC AUDIT PLAN FOR 2017/18 to 2020/21

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

**Reason for Report:** To present the Draft Strategic Audit Plan for 2017/18 to 2020/21.

**RECOMMENDATION:** The Committee notes the Draft Audit Plan and feeds back any areas of concern or suggested amendments.

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

**Financial Implications:** Inadequate Internal Audit coverage would mean that the Internal Audit Team Leader cannot form an opinion as to the effectiveness of MDDC's internal control environment.

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

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

#### 1.0 Introduction

- 1.1 The PSIAS require that the Audit Team Leader prepares a risk based strategic audit plan, which should take account of the adequacy and outcomes of the organisation's risk management, performance management and other assurance processes.
- 1.2 The four year plan is presented to this Committee in draft as it will need to be agreed to, and delivered by, the new provider of internal audit services once that has been determined. The plan assumes 1 day per week on average for the provider in providing management of the service. (Appendix A)
- 1.3 A copy of this plan has been sent to the potential suppliers along with a more detailed specification of our requirements for internal audit management going forward in order to enable them to present their detailed proposals to Leadership Team in due course.
- 1.4 It is envisaged that the final version of the four year plan with the detailed annual plan for 2017/18 will be presented to the May Audit Committee.

## **2.0 Recommendation**

- 2.1 The Committee notes the Draft four year Strategic Audit Plan and feeds back any areas of concern or suggested amendments to the Audit Team Leader.

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

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

Audit Code	Audit Area	Year Last Audited	Days 2017/18	Days 2018/19	Days 2019/20	Days 2020/21	TOTAL
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**CORE FINANCIAL AUDITS (- Annual)**

CORE 1	Council Tax and NNDR	2016/17	20	20	20	20	80
CORE 2	Income and Cash Collection	2016/17	15	15	15	15	60
CORE 3	Main Accounting System (including Deeds Testing)	2016/17	20	20	20	20	80
CORE 4	Housing Benefits	2016/17	20	20	20	20	80
CORE 5	Creditors	2016/17	10	10	10	10	40
CORE 6	Housing Rents (including rent arrears)	2016/17	20	20	20	20	80
CORE 7	Treasury and Cashflow Management	2016/17	5	5	5	5	20
CORE 8	Payroll	2016/17	15	15	15	15	60
CORE 9	Recovery	2016/17	15	15	15	15	60
CORE 10	Car Parking Income} alternate years	2016/17		15		15	30
CORE 10	Trade Waste }	2015/16	15		15		30
CORE 11	ICT Core Audit	2016/17	5	5	5	5	20
<b>TOTAL CORE FINANCIAL AUDITS</b>			<b>160</b>	<b>160</b>	<b>160</b>	<b>160</b>	<b>640</b>

**SYSTEMS AUDITS (Risk Based- mainly 4-yearly)****Human Resources (Jane Cottrell)**

HUR1	Time Recording System	2014/15		10			10
HUR2	Sickness and Other Time Off	2016/17				15	15
HUR3	Recruitment, Selection	2015/16		5			5
HUR4	Appraisals and Training	2015/16			10		10
HUR5	Travel and Subsistence (incl Pool cars)	2013/14	10				10
HUR6	JE	2015/16			10		10
HUR7	Corporate Health & Safety incl Homeworking/Loneworking (2yrs)	2015/16		10		10	20
HUR8	Safeguarding		10				10
<b>Human Resources Total</b>			<b>20</b>	<b>25</b>	<b>20</b>	<b>25</b>	<b>90</b>

**Financial Services & Procurement (Vacancy)**

FIN1	VAT(2-yearly)	2016/17		10		10	20
FIN2	Insurance(2-yearly)	2015/16	10		10		20
FIN3	Leasing and asset management (Vehicles/Equipment/IT)	2014/15		10			10
FIN4	Procurement (2-yearly)	2015/16		20		20	40
FIN5	Contract Register & Contracts (2-yearly)	2014/15	20		20		40
<b>Financial Services &amp; Procurement Total</b>			<b>30</b>	<b>40</b>	<b>30</b>	<b>30</b>	<b>130</b>

**ICT (Liz Reeves)**

ICT1	Telephones - Fixed and Mobile	2014/15			5		5
ICT2	Computer Inventory - hardware and software	2012/13	10				10
ICT3	Data Protection & IS (2-yearly)	2016/17		10		10	20
ICT4	Freedom of Information	2015/16			10		10
ICT5	Gazateer Management - Street Naming & Numbering	2014/15		5			5
<b>ICT Total</b>			<b>10</b>	<b>15</b>	<b>15</b>	<b>10</b>	<b>50</b>

**Planning (Jenny Clifford)**

PLA1	Building Control (incl income and all other areas)	2012/13	10			10	20
PLA2	Development Control	2013/14		10			10
PLA3	Listed Buildings and Conservation Areas	2015/16			10		10
PLA4	Forward Planning	2013/14		10			10
PLA5	Enforcement		10			10	20
<b>Planning Total</b>			<b>20</b>	<b>20</b>	<b>10</b>	<b>20</b>	<b>70</b>

**Public Health Services (Simon Newcombe)**

PHS1	Environmental Health	2008/09	15				15
PHS2	Licensing Services	2016/17				10	10
PHS3	Private Sector Housing	2016/17			10		10
<b>Public Health Services Total</b>			<b>15</b>	<b>0</b>	<b>10</b>	<b>10</b>	<b>35</b>

**Leisure (Andrew Pritchard) one a year**

LEI1	Exe Valley Leisure Centre (incl income and all other areas)	2016/17				20	20
LEI2	Culm Valley Sports Centre (incl income and all other areas)	2015/16			20		20
LEI3	Lords Meadow Leisure Centre (incl income and all other areas)	2014/15		20			20
<b>Leisure Total</b>			<b>0</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>60</b>

**Legal & Democratic Services (Jill May)**

L&D1	Members Allowances	2016/17				10	10
L&D2	Gifts & Hospitality/Register of Interests (2 yearly)	2016/17	5		5		10
L&D3	Electoral Registration & Elections	2013/14	10				10
L&D4	Local Land Charges	2016/17				10	10
L&D5	Legal Services	2015/16		10			10
<b>Legal &amp; Democratic Total</b>			<b>15</b>	<b>10</b>	<b>5</b>	<b>20</b>	<b>50</b>

Audit Code	Audit Area	Year Last Audited	Days 2017/18	Days 2018/19	Days 2019/20	Days 2020/21	TOTAL
------------	------------	-------------------	--------------	--------------	--------------	--------------	-------

**Street Scene (Stuart Noyce)**

SSS1	Refuse & Recycling (2 yearly)	2016/17		20		20	40
SSS2	Vehicles & Fuel (including inventory & maintenance)	2015/16			20		20
SSS3	District Officers	2011/12	10				10
SSS4	Street Cleansing & Public Cleaning		5				5
<b>Street Scene Total</b>			<b>15</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>75</b>

**Customer Services (Liz Reeves)**

CSE1	Customer Care/Complaints	2012/13	10				10
CSE2	Electronic payments/online forms/social media		10	10	10	10	40
<b>Customer Services Total</b>			<b>20</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>50</b>

**Housing & Property Services (Andrew Pritchard)**

HPS1	Care Services (Alarm Income)	2010/11	5				5
HPS2	Repairs and Maintenance	2014/15		20			20
HPS3	Stores	2016/17				10	10
HPS4	Health & Safety Management Arrangements incl Estate Inspections (2-yearly)	2014/15	10		10		20
HPS5	Emergency Planning (also Business Continuity Planning) (2yrs)	2015/16		10		10	20
HPS6	Cemeteries & Bereavement Services	2016/17			10		10
HPS7	Grounds Maintenance (Parks & Open Spaces)	2013/14	10				10
HPS8	Voids Management Arrangements	2016/17				10	10
HPS9	Lettings	2016/17			10		10
HPS10	Housing Homeless Persons	2013/14	10				10
HPS11	Service Charges	2015/16			10		10
HPS12	Standby	2016/17				5	5
<b>Housing &amp; Property Services Total</b>			<b>35</b>	<b>30</b>	<b>40</b>	<b>35</b>	<b>140</b>

**Economic & Community Development (John Bodley-Scott)**

CDE1	Grants, subscriptions & donations	2015/16			10		10
CDE2	Community Engagement & Consultation	2016/17				10	10
CDE3	Economic Regeneration	2014/15		10			10
CDE4	Markets	2014/15	10				10
<b>Economic &amp; Community Development Total</b>			<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>40</b>

**SYSTEMS AUDITS TOTAL**

<b>190</b>	<b>200</b>	<b>190</b>	<b>210</b>	<b>790</b>
------------	------------	------------	------------	------------

**ASSURANCE WORK**

	Spar/Data Quality		0	0	0	0	0
<b>Assurance Work Total</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**OTHER WORK**

	Fraud/Irregularity/Consultancy/Contingency		45	35	45	25	150
<b>Other Work Total</b>			<b>45</b>	<b>35</b>	<b>45</b>	<b>25</b>	<b>150</b>

<b>SUMMARY</b>							
<b>Available Audit Days</b>			<b>343</b>	<b>343</b>	<b>343</b>	<b>343</b>	
<b>Management</b>			<b>52</b>	<b>52</b>	<b>52</b>	<b>52</b>	
Core Systems			160	160	160	160	
Systems Audits			190	200	190	210	
Assurance Work			0	0	0	0	
Other Work			45	35	45	25	
<b>TOTAL</b>			<b>395</b>	<b>395</b>	<b>395</b>	<b>395</b>	

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

21 March 2017

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**Geraldine Daly**

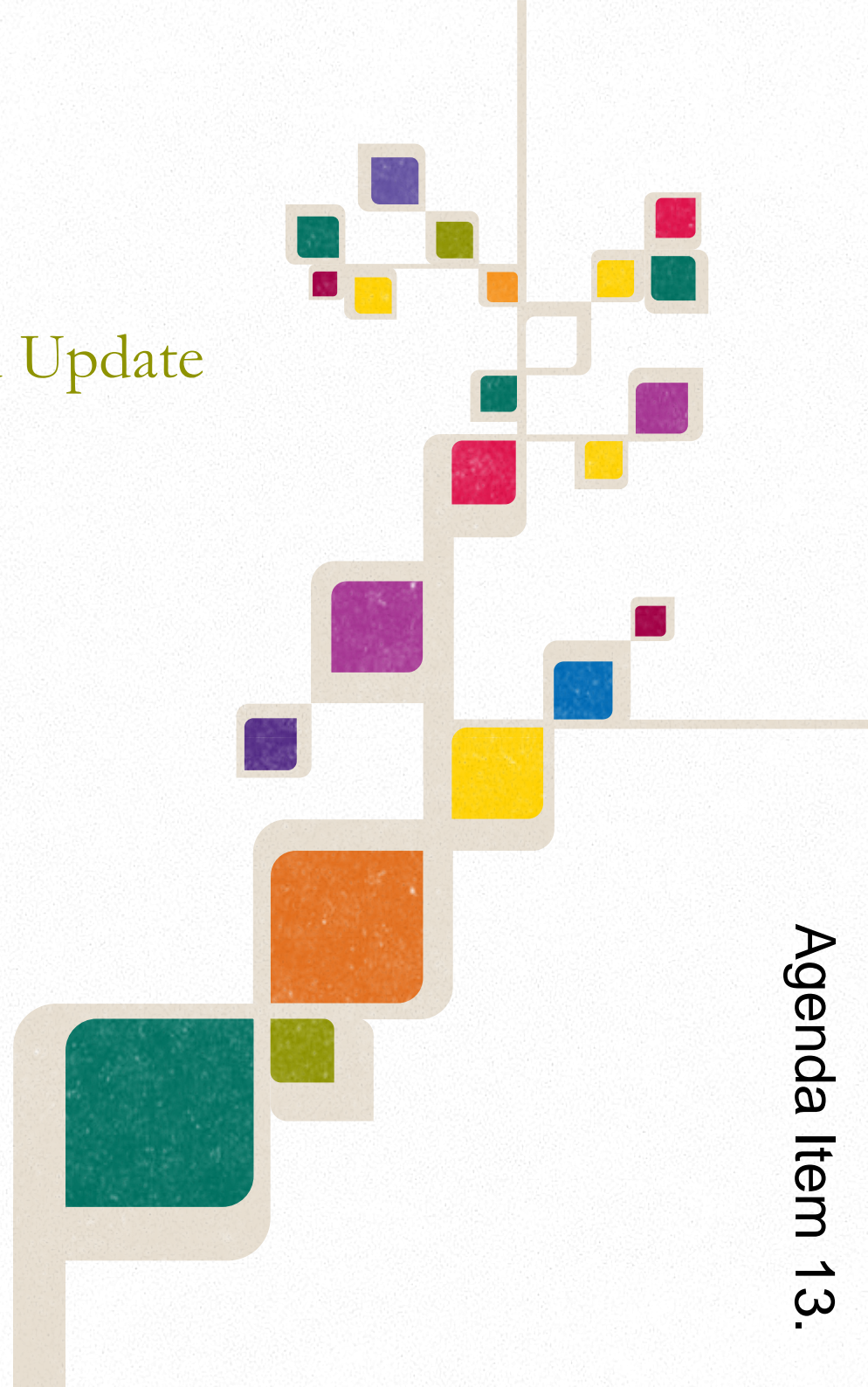
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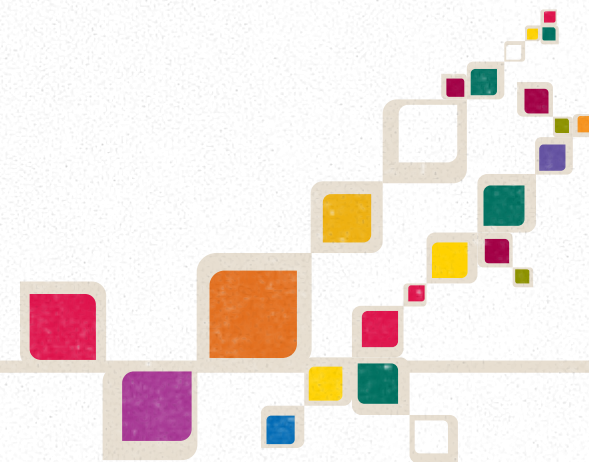
**Victoria Redler**

Executive  
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E [victoria.j.redler@uk.gt.com](mailto: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

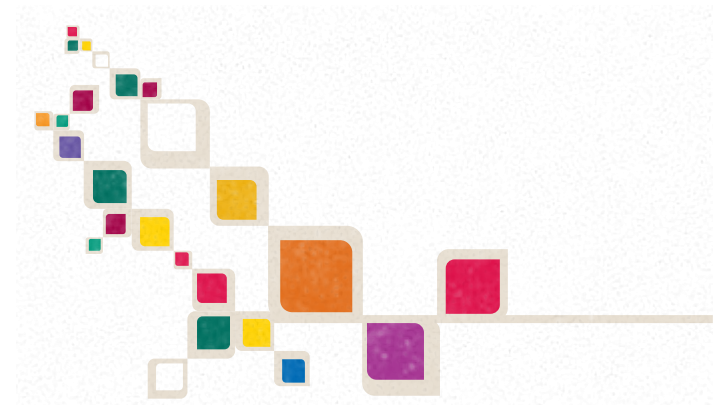
This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

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

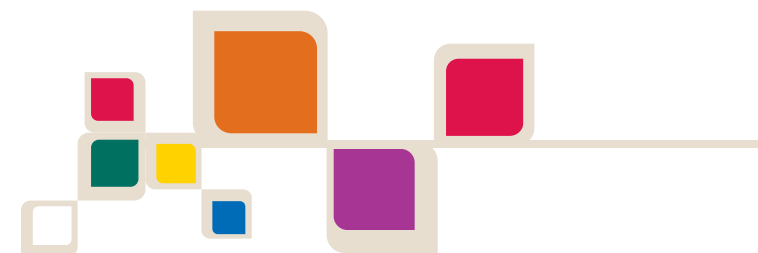
- CFO Insights – reviewing council's 2015/16 spend (December 2016); <http://www.grantthornton.co.uk/en/insights/cfo-insights-reviewing-councils-201516-spend/>
- Fraud risk, 'adequate procedures', and local authorities (December 2016); <http://www.grantthornton.co.uk/en/insights/fraud-risk-adequate-procedures-and-local-authorities/>
- New laws to prevent fraud may affect the public sector (November 2016); <http://www.grantthornton.co.uk/en/insights/new-laws-to-prevent-fraud-may-affect-the-public-sector/>
- Brexit: local government – transitioning successfully (December 2016) <http://www.grantthornton.co.uk/en/insights/brexit-local-government--transitioning-successfully/>

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.

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.

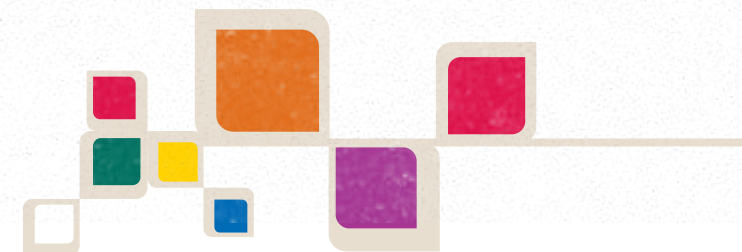


# Progress at March 2017



2016/17 work	Planned Date	Complete?	Comments
<p><b>Fee Letter</b></p> <p>We are required to issue a 'Planned fee letter for 2016/17' by the end of April 2016</p>	April 2016	Yes	The 2016/17 fee letter was issued on 18 April 2016 and considered by the 31 May 2016 committee.
<p><b>Accounts Audit Plan</b></p> <p>We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2016-17 financial statements.</p>	21 March 2017	Yes	The Audit plan is on the agenda for this meeting.
<p><b>Interim accounts audit</b></p> <p>Our interim fieldwork visit plan included:</p> <ul style="list-style-type: none"> <li>• updated review of the Council's control environment</li> <li>• updated understanding of financial systems</li> <li>• review of Internal Audit reports on core financial systems</li> <li>• early work on emerging accounting issues</li> <li>• early substantive testing</li> <li>• Value for Money conclusion risk assessment.</li> </ul>	February 2017	Yes	<p>Our interim audit was completed in the three weeks ending 3rd March 2017.</p> <p>We have undertaken all the required planning and preparation, together with such early testing we deemed efficient.</p> <p>The work included early discussions over the accounting treatment of the Council's planned property transactions, in particular the Premier Inn acquisition of land.</p>
<p><b>Final accounts audit</b></p> <p>Including:</p> <ul style="list-style-type: none"> <li>• audit of the 2016/17 financial statements</li> <li>• proposed opinion on the Council's accounts</li> <li>• proposed Value for Money conclusion</li> <li>• review of the Council's disclosures in the consolidated accounts against the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16</li> </ul>	To commence 30 May 2017	No	<p>Not yet started.</p> <p>The council's special Audit Committee is set for Monday 17th July. In order that we can sign the audit opinion on that date, the period for Public Inspection will need to commence on the 5th June (30 working days ahead of signing). MDDC will need to put on their website by midnight on Sunday 4th June.</p>

# Progress at March 2017



2016/17 work	Planned Date	Complete?	Comments
<p><b>Value for Money (VfM) conclusion</b></p> <p>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".</p> <p>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".</p> <p>The three sub criteria for assessment to be able to give a conclusion overall are:</p> <ul style="list-style-type: none"> <li>• Informed decision making</li> <li>• Sustainable resource deployment</li> <li>• Working with partners and other third parties</li> </ul>	<p>Initial risk assessment completed 3<sup>rd</sup> March 2017</p> <p>Conclusion will be given 17 July 2017</p>	No	<p>We have identified one risk.</p> <p>The Council is forecasting an overspend of £64k for 2016/17; a budget for 2016/17 that is balanced using £89k of New Homes Bonus, and whose future is uncertain as the preliminary grant settlement shows the elimination of Revenue Support Grant by 2019/20. The MTFP shows a deficit of £419k in 17/18 which increases annually, peaking at £975k in 2020/21. Without any action the General Fund reserve of £2.2m would become overdrawn by £1.25m over the life of the plan.</p> <p>The results of our VfM audit work and the key messages arising will be reported in our Audit Findings Report and in the Annual Audit Letter.</p> <p>We will include our conclusion in our auditor's report on your financial statements which we will give on 17 July 2017.</p>
<p><b>Grant claims and certification.</b></p> <p>We anticipate that we will be required to certify the Council's 2015/16 Housing benefit and council tax subsidy claim.</p>	<p>June 2017 to November 2017.</p>	Not yet due	<p>The work on the 2016/17 claim will be completed by 30 November 2017.</p>
<p><b>Other areas of work</b></p> <p>Audit of:</p> <p>Pooling of Housing capital receipts claim</p> <p>Housing &amp; Communities agency claim</p>	<p>October 2017</p>	No	<p>Not yet started</p>
<p>Meetings with Members, Officers and others</p>	<p>On-going</p>	No	<p>Regular meetings arranged with Officers.</p>



# Technical Matters

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## Highways network asset

On 14 November CIPFA/LASAAC announced a deferral of the move to measuring the Highways Network Asset ('HNA') at depreciated replacement cost in local authority financial statements for 2016/17. This is due to delays in obtaining updated central rates information that was required for the valuations.

CIPFA/LASAAC will issue an Update to the 2016/17 Code of Practice on Local Authority Accounting in the United Kingdom to confirm this decision once it has completed the full due process before publication. CIPFA/LASAAC will review this position at its meeting in March 2017 with a view to implementation in 2017/18 and will consider whether central rates and the central assurance processes will be delivered in a timely manner to allow successful implementation. It expects that the 2017/18 Code will be on the same basis as planned for 2016/17, i.e. not requiring restatement of preceding year information.

In August, CIPFA published the 'Code of Practice on the Highways Network Asset (2016 Edition)' and additional guidance to aid the implementation process.

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## Delivering Good Governance

In April, CIPFA and SOLACE published 'Delivering Good Governance in Local Government: Framework (2016)' and this applies to annual governance statements prepared for the 2016/17 financial year. The key focus of the framework is on sustainability – economic, social and environmental – and the need to focus on the longer term and the impact actions may have on future generations.

Local authorities should be:

- reviewing existing governance arrangements against the principles set out in the Framework
- developing and maintaining an up-to-date local code of governance, including arrangements for ensuring on-going effectiveness
- reporting publicly on compliance with their own code on an annual basis and on how they have monitored the effectiveness of their governance arrangements in the year and on planned changes.

The framework applies to all parts of local government and its partnerships and should be applied using the spirit and ethos of the Framework rather than just rules and procedures

The framework applies to all parts of local government and its partnerships and should be applied using the spirit and ethos of the Framework rather than just rules and procedures.

The EL presented the changes to the AGS, in particular, at the SWAP and DAP meeting in Somerset in October. This was attended by members of the Audit Committee including the Audit Chair.

## Telling the story – Changes in 2016/17 CIPFA Code

CIPFA has been working on the 'Telling the Story' project, which aims to streamline the financial statements and improve accessibility to the user. This has resulted in changes to CIPFA's 2016/17 Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

The main changes affect the presentation of the Comprehensive Income and Expenditure Statement ('CIES'), the Movement in Reserves Statement ('MIRS') and segmental reporting disclosures. A new Expenditure and Funding Analysis has been introduced.

The key changes are:

- the cost of services in the CIES is to be reported on basis of the local authority's organisational structure rather than the Service Reporting Code of Practice (SERCOP) headings
- an 'Expenditure & Funding Analysis' note to the financial statements provides a reconciliation between the way local authorities are funded and the accounting measures of financial performance in the CIES
- the changes will remove some of the complexities of the current segmental note
- other changes to streamline the current MIRS providing options to report Total Comprehensive Income and Expenditure (previously shown as Surplus and Deficit on the Provision of Services and Other Comprehensive Income and Expenditure lines) and removal of earmarked reserves columns.

Other amendments have been made to the Code:

- changes to reporting by pension funds in relation to the format and fair value disclosure requirements to reflect changes to the Pensions SORP
- other amendments and clarifications to reflect changes in the accounting standards.



# Sector issues and developments

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# Local Government Finance Settlement

The final local government settlement for 2017/18 was published on 20 February. The settlement reflects the Government's aim that all councils will become self funding, with central government grants being phased out. This is year two of the four year offer, which has been accepted by 97% of councils.

There is an expectation that councils will continue to improve efficiencies with measures including further developments in digital technology, new delivery models and innovative partnership arrangements.

## 100% business rates retention

The announcement has an increased focus on business rates, with the expectation that by the end of the current Parliament, local government will keep 100% of the income raised through business rates. The exact details of the reforms are yet to be determined. This includes confirming which additional responsibilities will be devolved to local government and funded through these retained rates. Pilots of the reforms are taking place across the country from April 2017.

The results of a recent Municipal Journal survey *2017 State of Local Government Finance* have recently been published. [http://downloads2.dodsmonitoring.com/downloads/Misc\\_Files/LocalGovFinance.pdf](http://downloads2.dodsmonitoring.com/downloads/Misc_Files/LocalGovFinance.pdf)

Respondents expressed concern about the lack of detail in the proposals, uncertainty around equalisation measures and the scale of appeals.

Nearly 50% of Councils responding believe they will lose from the transition to 100% retention of business rates. Views were evenly split as to whether the proposals would incentivise local economic growth.

## Social Care Funding

Funding allocations reflect increased funding of social care with a stated £3.5 billion of funding for social care by 2019/2020.

In this year's settlement £240 million of new homes bonus has been redirected into the adult social care grant. In addition councils are once again be able to raise the precept by up to 3% for funding of social care.

Recognising that funding is not the only answer, further reforms are to be brought forward to support the provision of a sustainable market for social care. There is an expectation that all areas of the country move towards the integration of health and social care services by 2020.

**Paul Dossett Head of Local Government in Grant Thornton LLP** has commented on the Government proposals for social care funding (see link for full article).

"The government's changes to council tax and the social care precept, announced by the Secretary of State for DCLG as part of the latest local government finance settlement, will seem to many as nothing more than a temporary fix. There is real concern about the postcode lottery nature of these tax-raising powers that are intended to fund our ailing social care system."

"Our analysis on social care shows that the most deprived areas in the UK derive the lowest proportion of their income from council tax."

"Conversely, more affluent areas collecting more council tax will potentially receive a bigger financial benefit from these measures."

"Our analysis shows that the impact and effectiveness of the existing social care precept is not equal across authorities. So any further changes to tax raising powers for local government will

## National developments

*"Social care precept changes will not help those living in more deprived areas"*

*"The UK has a long tradition of providing care to those who need it most. If that is to continue, the government must invest in a robust social care system that can cater for all based on needs and not on geography. From a taxpayer's perspective this is a zero sum game. For every £1 not invested in social care, the cost to the NHS is considerably more"*

not tackle the crisis of social care in our most disadvantaged communities and arguably make only make a small dent in the cost demands in our more affluent communities."

Links:

<https://www.gov.uk/government/speeches/final-local-government-finance-settlement-2017-to-2018>

<http://www.grantthornton.co.uk/en/news-centre/local-government-financial-settlement-comment-social-care-precept-changes-will-not-help-those-living-in-more-deprived-areas/>

<http://www.grantthornton.co.uk/en/insights/council-tax-alone-wont-solve-the-social-care-crisis/>

# Pooling of LGPS

From 1 April 2018 £200bn of assets from 90 LGPS funds across England and Wales will be merged into six 'British Wealth Funds'. By pooling investment, costs can be reduced through economies of scale and through sharing of expertise, while the schemes can maintain overall investment performance. Pension funds will continue to be managed and maintained by the separate administering authorities. The selection of fund managers will be made by the investment pool operator on behalf of a pool of co-operating administrative authorities, while individual investment strategies, including asset allocation, will remain the responsibility of the individual administrative authority.

Potentially eight pools are to be established across the country with total assets ranging from £13bn in both the LPP and Wales pool, to £36bn in the Border to Coast pool. It is expected that assets will be transferred to the pools as soon as practicable after 1 April 2018.

Tasks to be completed by April 2018 include:

- creating legal structures for pools
- transferring staff
- creating supervisory boards/ committees
- obtaining FCA authorisations
- appointing providers
- assessing MiFID II implications
- determining pool structures for each asset type

The funds themselves will retain responsibility for:

- investment strategy
- asset allocation

- having a responsible investment strategy
- reporting to employers and members

### Governance arrangements

There is no mandatory membership of oversight structures. It is for each pool to develop the proposals they consider appropriate. The majority of decision making remains at the local level and therefore the involvement of local pension boards in those areas would not change. Scheme managers should consider how best to involve their pension boards in ensuring the effective implementation of investment and responsible investment strategies by pools, which could include representation on oversight structures.

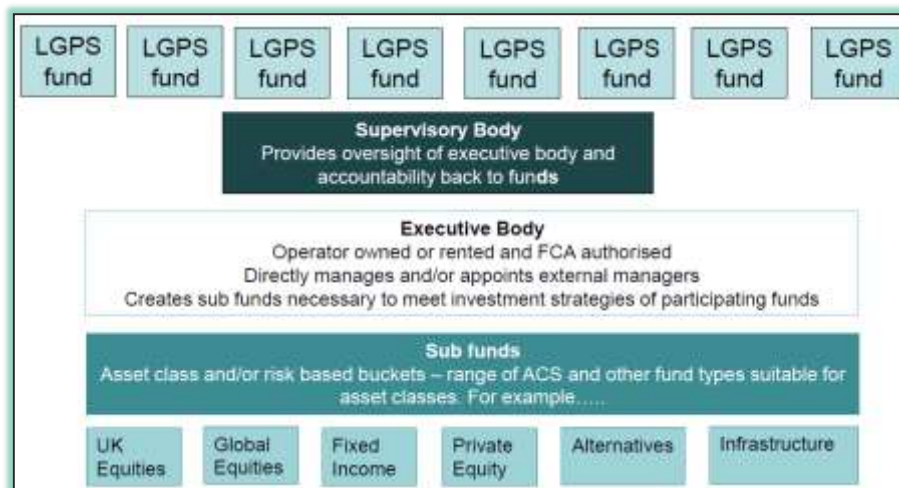
CIPFA in the recent article *Clear pools: the future of the LGPS* highlights the need for good governance particularly in view of the complex web of stakeholders involved in investment pooling. Robust governance will be vital to ensuring a smooth transition and continuing operation of the funds

## National developments

### Challenge question:

- Is your Pension Fund management keeping you up to date with the developments in respect of the Brunel Pooled Fund?

Link:  
<http://www.cipfa.org/cipfa-thinks/cipfa-thinks-articles/clear-pools-the-future-of-the-lgps/>



typical structure of LGPS Pool



# Fixing our broken housing market

DCLG published its housing White Paper on 7 February 2017. It opens with the statement:

“The housing market in this country is broken, and the cause is very simple: for too long, we haven’t built enough homes.”

It goes on to summarise three key challenges in the housing market.

1. Over 40 per cent of local planning authorities do not have a plan that meets the projected growth in households in their area.
2. The pace of development is too slow. There is a large gap between permissions granted and new homes built. More than a third of new homes that were granted planning permission between 2010/11 and 2015/16 have yet to be built.
3. The structure of the housing market makes it harder to increase supply. Housing associations have been doing well – they’re behind around a third of all new housing completed over the past five years – but the commercial developers still dominate the market.

The proposals in the White Paper set out how the Government intends to boost housing supply and, over the long term, create a more efficient housing market whose outcomes more closely match the needs and aspirations of all households and which supports wider economic prosperity.

It states that the challenge of increasing housing supply cannot be met by the government acting alone and summarises how the government will work with local authorities, private developers, local communities, housing associations and not for profit developers, lenders, and utility companies and infrastructure providers.

For local authorities, the government is:

- offering higher fees and new capacity funding to develop planning departments, simplified plan-making, and more funding for infrastructure;
- will make it easier for local authorities to take action against those who do not build out once permissions have been granted; and
- is interested in the scope for bespoke housing deals to make the most of local innovation.

The government is looking to local authorities to be as ambitious and innovative as possible to get homes built in their area. It is asking all local authorities to:

- develop an up-to-date plan with their communities that meets their housing requirement (or, if that is not possible, to work with neighbouring authorities to ensure it is met);
- decide applications for development promptly; and
- ensure the homes they have planned for are built out on time.

The White Paper states that it is crucial that local authorities hold up their end of the bargain. It goes on to say that where local authorities are not making sufficient progress on producing or reviewing their plans, the Government will intervene. It also notes that where the number of homes being built is below expectations, the new housing delivery test will ensure that action is taken.

The White Paper goes on to consider in more detail:

- Planning for the right homes in the right places
- Building homes faster
- Diversifying the market
- Helping people now

## National developments

### Challenge questions:

- Have you been briefed on the White Paper and the implications for your statutory housing function?
- Is the Council planning to respond to the consultation?

Consultation on the White Paper will begin on 7 February 2017. The consultation will run for 12 weeks and will close on 2 May 2017.

The White Paper is available at:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/590464/Fixing\\_our\\_broken\\_housing\\_market\\_-\\_print\\_ready\\_version.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/590464/Fixing_our_broken_housing_market_-_print_ready_version.pdf)

# 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.

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?





# Grant Thornton

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# Apprentice Levy-Are you prepared?

Grant Thornton update

## What is the levy?

The UK has been struggling on productivity, now estimated to be 20% behind the G7 average. Developing apprenticeships is set to play a key part in tackling this and bridging the skills gap.

Announced by government in July 2015, the levy is to encourage employers to offer apprenticeships in meeting their skill, workforce and training needs, developing talent internally. The levy is designed to give more control to employers, through direct access to training funds and creation of apprenticeships through the Trailblazer process.

## What is the levy?

From April 2017, the way the government funds apprenticeships in England is changing. Some employers will be required to pay a new apprenticeship levy, and there will be changes to the funding for apprenticeship training for all employers.

All employers will receive an allowance of £15,000 to offset against payment of the levy. This effectively means that the levy will only be payable on paybill in excess of £3 million per year.

The levy will be payable through Pay As You Earn (PAYE) and will be payable alongside income tax and National Insurance.

Each employer will receive one allowance to offset against their levy payment. There will be a connected persons rule, similar the Employment Allowance connected persons rule, so employers who operate multiple payrolls will only be able to claim one allowance.

Employers in England are also able to get 'more out than they put in', through an additional government top-up of 10% to their levy contribution.

When employers want to spend above their total levy amount, government will fund 90% of the cost for training and assessment within the funding bands.

The existing funding model will continue until the levy comes into effect May 2017. The levy will apply to employers across all sectors.

Paybill will be calculated based on total employee earnings subject to Class1 National Insurance Contributions. It will not include other payments such as benefits in kind. It will apply to total employee earnings in respect of all employees.

## What will the levy mean in practice

Employer of 250 employees, each with a gross salary of £20,000:

Paybill:  $250 \times £20,000 = £5,000,000$

Levy sum:  $0.5\% \times = £25,000$

Allowance:  $£25,000 - £15,000 = £10,000$  annual levy

## How can I spend my levy funds?

The funding can only be used to fund training and assessment under approved apprenticeship schemes. It cannot be used on other costs associated with apprentices, including wages and remuneration, or training spend for the wider-team.

Through the Digital Apprenticeship Service (DAS), set up by government, employers will have access to their funding in the form of digital vouchers to spend on training.

Training can be designed to suit the needs of your organisation and the requirements of the individual in that role, in addition to specified training for that apprenticeship. Training providers must all be registered with the Skills Funding Agency (SFA).

## What do I need to start thinking about now?

- How much is the levy going to cost and have we budgeted for it?
- How do we ensure compliance with the new system?
- Which parts of my current spend on training are applicable to apprenticeships?
- Are there opportunities to mitigate additional cost presented by the levy?
- How is training in my organisation structured?
- How do we develop and align to our workforce development strategy

# Off-payroll working and salary sacrifice in the public sector

## Off-payroll working

The Chancellor's Autumn Statement 2016 speech delivered a number of changes that will impact the UK business environment and raise considerations for you as an employer.

In particular, the Chancellor announced that the measures that were proposed in Budget 2016 that could affect services supplied through personal service companies (PSCs) to the public sector will be implemented.

At present, the so-called IR35 rules require the worker to decide whether PAYE and NIC are due on the payments made by a PSC following an engagement with a public sector body. The onus will be moved to the payer from April 2017. This might be the public sector body itself, but is more likely to be an intermediary, or, if there is a supply chain, to the party closest to the PSC.

The public sector body (or the party closest to the PSC) will need to account for the tax and NIC and include details in their RTI submission.

The existing IR35 rules will continue outside of public sector engagements.

**HMRC Digital Tool** – will aid with determining whether or not the intermediary rules apply to ensure of “consistency, certainty and simplicity”.

When the proposals were originally made, the public sector was defined as “those bodies that are subject to the Freedom of Information rules”. It is not known at present whether this will be the final definition. Establishing what bodies are caught is likely to be difficult however the public sector is defined.

A further change will be that the 5% tax free allowance that is given to PSCs will be removed for those providing services to the public sector.

This will increase costs, move responsibility to the engager and increase risks for the engager

## Salary sacrifice

The Chancellor's Autumn Statement 2016 speech also introduced changes to salary sacrifice arrangements. In particular, the proposals from earlier this year to limit the tax and NIC advantages from salary sacrifice arrangements in conjunction with benefits will be implemented from April 2017.

Although we await the details, it appears that there is a partial concession to calls made by Grant Thornton UK and others to exempt the provision of cars from the new rules (to protect the car industry). Therefore, the changes will apply to all benefits other than pensions (including advice), childcare, Cycle to Work schemes and ultra-low emission cars.

Arrangements in place before April 2017 for cars, accommodation and school fees will be protected until April 2021, with others being protected until April 2018.

These changes will be implemented from April 2017.

As you can see, there is a limited opportunity to continue with salary sacrifice arrangements and a need also to consider the choice between keeping such arrangements in place – which may still be beneficial – or withdrawing from them.

## Grant Thornton update

### Issues to consider

- Interim and temporary staff engaged through an intermediary or PSC
- Where using agencies ensure they're UK based and operating PAYE
- Update on-boarding / procurement systems, processes and controls
- Additional take on checks and staff training / communications
- Review of existing PSC contractor population before April 2017
- Consider moving long term engagements onto payroll
- Review the benefits you offer - particularly if you have a flex renewal coming up
- Consider your overall Reward and Benefit strategy
- Consider your Employee communications

# Brexit

## Planning can help organisations reduce the impact of Brexit

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.

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.

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

Where does this leave the public sector?

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:

## Grant Thornton update

For regular updates on Brexit, please see our website:  
<http://www.grantthornton.co.uk/en/insights/brexit-planning-the-future-shaping-the-debate>

**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.



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# The Audit Plan for Mid Devon District Council

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**Year ended 31 March 2017**

21 March 2017

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Agenda Item 14.



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21 March 2017

Dear Members of the Audit Committee

Grant Thornton UK LLP  
Hartwell House  
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### **Audit Plan for Mid Devon District Council for the year ending 31 March 2017**

This Audit Plan sets out for the benefit of those charged with governance (in the case of Mid Devon District Council, the Audit Committee), an overview of the planned scope and timing of the audit, as required by International Standard on Auditing (UK & Ireland) 260. This document is to help you understand the consequences of our work, discuss issues of risk and the concept of materiality with us, and identify any areas where you may request us to undertake additional procedures. It also helps us gain a better understanding of the Council and your environment. The contents of the Plan have been discussed with management.

We are required to perform our audit in line with Local Audit and Accountability Act 2014 and in accordance with the Code of Practice issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General in April 2015. Our responsibilities under the Code are to:

- give an opinion on the Council's financial statements
- satisfy ourselves the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

As auditors we are responsible for performing the audit, in accordance with International Standards on Auditing (UK & Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements which give a true and fair view.

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 planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change. In particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit. 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.

We look forward to working with you during the course of the audit.

Yours sincerely

Geraldine Daly

Engagement Lead

#### **Chartered Accountants**

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# Understanding your business and key developments

## Developments

### Highways network asset (HNA)

On the 14 November, 2016 CIPFA/LASAAC announced a deferral of measuring the Highways Network Asset at Depreciated Replacement Cost in local authority financial statements for 2016/17. This deferral is due to delays in obtaining updated central rates for valuations.

CIPFA/LASAAC will review this position at its meeting in March 2017 with a view to implementation in 2017/18. It currently anticipates that the 2017/18 Code will be on the same basis as planned for 2016/17, i.e. not requiring restatement of preceding year information.

### Local developments

The Council is looking to develop some of its services through the use of a Local Authority controlled Company.

The council is currently exploring the advantages and disadvantages with help and advice from Grant Thornton specialists.

## Key challenges

### Autumn Statement

The Chancellor detailed plans in the Autumn Statement to increase funding for Housing and Infrastructure, and further extend devolved powers to Local Authorities. No plans were announced to increase funding for adult social care.

The Council is part of the "Heart of the South west" devolution bid, which has not been given the go-ahead from central government.

### Local challenges

As with the majority of Councils, Mid Devon has a significant challenge in achieving its identified savings target.

This will continue to focus the Council's plans going forward.

## Key performance indicators

Measure	2016/17	2017/18
MTFP	£0k	£-419k
Forecast Outturn (December 2017)	£-64k	n/k

## Financial reporting changes

### CIPFA Code of Practice 2016/17 (the Code)

Changes to the Code in 2016/17 reflect aims of the 'Telling the Story' project, to streamline the financial statements to be more in line with internal organisational reporting and improve accessibility to the reader of the financial statements.

The changes affect the presentation of the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statements, segmental reporting disclosures and a new Expenditure and Funding Analysis note has been introduced. The Code also requires these amendments to be reflected in the 2015/16 comparatives by way of a prior period adjustment.

### Local position

The Accounts and Audit Regulations 2015 require councils to bring forward the approval and audit of financial statements to 31 July by the 2017/2018 financial year. The Council's opinion was given on 15 July 2016. In 2016/17 the opinion is again planned ahead of the proposed earlier deadline (17 July 2017)

The Council is currently negotiating several property deals. We have already discussed with the Council's officers the accounting treatment and Code requirements for treating such transactions, should they occur in 2016/17.

## Our response

- We aim to complete all our substantive audit work of your financial statements by 23 June 2017.
- As part of our opinion on your financial statements, we will consider whether your financial statements accurately reflect the financial reporting changes in the 2016/17 Code
- We will review the Council's progress in managing its responsibilities for public health and how it is working with partners, as part of our work in reaching our VFM conclusion.
- We will keep you informed of changes to the financial reporting requirements for 2016/17 through on-going discussions.

# Materiality

In performing our audit, we apply the concept of materiality, following the requirements of International Standard on Auditing (UK & Ireland) (ISA) 320: Materiality in planning and performing an audit. The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. An item does not necessarily have to be large to be considered to have a material effect on the financial statements. An item may be considered to be material by nature, for example, when greater precision is required (e.g. senior manager salaries and allowances).

We determine planning materiality (materiality for the financial statements as a whole determined at the planning stage of the audit) in order to estimate the tolerable level of misstatement in the financial statements, assist in establishing the scope of our audit engagement and audit tests, calculate sample sizes and assist in evaluating the effect of known and likely misstatements in the financial statements.

We have determined planning materiality based upon professional judgement in the context of our knowledge of the Council. In line with previous years, we have calculated financial statements materiality based on a proportion of the gross revenue expenditure of the Council. For purposes of planning the audit we have determined overall materiality to be £985k (being 2% of gross revenue expenditure). Our assessment of materiality is kept under review throughout the audit process and we will advise you if we revise this during the audit.

Under ISA 450, auditors also set an amount below which misstatements would be clearly trivial and would not need to be accumulated or reported to those charged with governance because we would not expect that the accumulation of such amounts would have a material effect on the financial statements. "Trivial" matters are clearly inconsequential, whether taken individually or in aggregate and whether judged by any criteria of size, nature or circumstances. We have defined the amount below which misstatements would be clearly trivial to be £49,250.

ISA 320 also requires auditors to determine separate, lower, materiality levels where there are 'particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users'. We have identified the following items where separate materiality levels are appropriate:

Balance/transaction/disclosure	Explanation	Materiality level
Cash and cash equivalents	Although the balance of cash and cash equivalents is immaterial, all transactions made by the Council affect the balance and it is therefore considered to be material by nature.	£10,000
Disclosures of officers' remuneration, salary bandings and exit packages in the notes to the financial statements	Due to public interest in these disclosures and the statutory requirement for them to be made.	£5,000
Disclosure of auditors' remuneration in notes to the statements	Due to public interest in these disclosures and the statutory requirement for them to be made.	£1,000

Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK and Ireland) 320)

# Significant risks identified

An audit is focused on risks. Significant risks are defined by ISAs (UK and Ireland) as risks that, in the judgment of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Significant risk	Description	Audit procedures
<b>The revenue cycle includes fraudulent transactions</b>	<p>Under ISA (UK and Ireland) 240 there is a presumed risk that revenue streams may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at Mid Devon District Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> <li>• there is little incentive to manipulate revenue recognition</li> <li>• opportunities to manipulate revenue recognition are very limited</li> <li>• The culture and ethical frameworks of local authorities, including Mid Devon District Council, mean that all forms of fraud are seen as unacceptable</li> </ul> <p>Therefore do not consider this to be a significant risk for Mid Devon District Council.</p>
<b>Management over-ride of controls</b>	<p>Under ISA (UK and Ireland) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p>	<p><b>Work completed to date:</b></p> <ul style="list-style-type: none"> <li>• Review of accounting estimates, judgments and decisions made by management</li> <li>• Review of journal entry process and selection of unusual journal entries for testing back to supporting documentation for the period to Month 10</li> </ul> <p><b>Further work planned:</b></p> <ul style="list-style-type: none"> <li>• Review of accounting estimates, judgments and decisions made by management</li> <li>• Review of journal entry process and selection of unusual journal entries for testing back to supporting documentation for the remaining period</li> <li>• Review of any unusual significant transactions.</li> </ul>

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, due to either size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty." (ISA (UK and Ireland) 315) . In making the review of unusual significant transactions "the auditor shall treat identified significant related party transactions outside the entity's normal course of business as giving rise to significant risks." (ISA (UK and Ireland) 550)

## Significant risks identified (continued)

We have also identified the following significant risks of material misstatement from our understanding of the entity. We set out below the work we have completed to date and the work we plan to address these risks.

Significant risk	Description	Audit procedures
<p><b>The expenditure cycle includes fraudulent transactions</b></p>	<p>Practice Note 10 suggests that the risk of material misstatement due to fraudulent financial reporting that may arise from the manipulation of expenditure recognition needs to be considered.</p>	<p>We do not consider that there is a fraud risk in relation to expenditure recognition, however we do recognise that there is a risk around completeness, in particular 'Year end creditors and accruals are understated or not recorded in the correct period' and employee remuneration is understated.</p> <p><b>Work completed to date:</b></p> <p>Review of internal financial controls relating to operating expenses and employee remuneration.</p> <p>Walkthrough testing to confirm that controls are implemented.</p> <p><b>Further work planned:</b></p> <p>The further work planned for our risks in relation to operating expenses and employee remuneration are detailed on page 9 .</p>
<p><b>Valuation of property, plant and equipment</b></p>	<p>The Council is required to revalue its assets, this represents a significant estimate by management in the financial statements. The Code requires that the Council ensures that the carrying value at the balance sheet date is not materially different from current value.</p> <p>Mid Devon District council revalues its assets annually, at the 31<sup>st</sup> March.</p>	<p><b>Work completed to date:</b></p> <ul style="list-style-type: none"> <li>• Review of the competence, expertise and objectivity of any management experts used.</li> <li>• Review of management's processes and assumptions for the calculation of the estimate.</li> <li>• Review of the instructions issued to valuation experts and the scope of their work</li> <li>• Review and challenge of the information used by the valuer to ensure it is robust and consistent with our understanding.</li> <li>• Testing of revaluations made during the year to ensure they are input correctly into the Council's asset register</li> <li>• Discussions with valuer about the basis on which the valuation is carried out and challenge of the key assumptions.</li> <li>• Evaluation of the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value.</li> </ul>

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## Significant risks identified (continued)

Significant risk	Description	Audit procedures
<p><b>Valuation of pension fund net liability</b></p>	<p>The Council's pension fund asset and liability as reflected in its balance sheet represent a significant estimate in the financial statements.</p>	<p><b>Work planned:</b></p> <ul style="list-style-type: none"> <li>• We will identify the controls put in place by management to ensure that the pension fund liability is not materially misstated. We will also assess whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement.</li> <li>• We will review the competence, expertise and objectivity of the actuary who carried out your pension fund valuation. We will gain an understanding of the basis on which the valuation is carried out.</li> <li>• We will undertake procedures to confirm the reasonableness of the actuarial assumptions made.</li> <li>• We will review the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial report from your actuary.</li> </ul>



# Other risks identified

Reasonably possible risks (RPRs) are, in the auditor's judgment, other risk areas which the auditor has identified as an area where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for an RPR or other risk is lower than that for a significant risk, and they are not considered to be areas that are highly judgmental, or unusual in relation to the day to day activities of the business.

Reasonably possible risks	Description of risk	Audit procedures
Operating expenses	Year end creditors and accruals are understated or not recorded in the correct period.	<p><b>Work completed to date:</b></p> <ul style="list-style-type: none"> <li>Review of system documentation and walkthrough of transaction</li> </ul> <p><b>Further work planned:</b></p> <ul style="list-style-type: none"> <li>Agree creditors to the ledger</li> <li>Substantive testing of significant creditor balances</li> <li>Review of after date payments to ensure all liabilities identified</li> </ul>
Employee remuneration	Employee remuneration accruals are understated	<p><b>Work completed to date:</b></p> <ul style="list-style-type: none"> <li>Review of system documentation and walkthrough of transaction</li> <li>Predictive analytical review to Month 10</li> <li>Substantive test a sample of remuneration transactions to Month 10</li> </ul> <p><b>Further work planned:</b></p> <ul style="list-style-type: none"> <li>Reconcile the pay expenditure reported in the financial statements to total expenditure recorded in the payroll.</li> <li>Complete predictive analytical review for the year.</li> <li>Substantively test a sample of remuneration transactions for Months 11 and 12.</li> </ul>

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"In respect of some risks, the auditor may judge that it is not possible or practicable to obtain sufficient appropriate audit evidence only from substantive procedures. Such risks may relate to the inaccurate or incomplete recording of routine and significant classes of transactions or account balances, the characteristics of which often permit highly automated processing with little or no manual intervention. In such cases, the entity's controls over such risks are relevant to the audit and the auditor shall obtain an understanding of them." (ISA (UK and Ireland) 315)

## Other risks identified (continued)

Other risks	Description of risk	Audit procedures
<p>Changes to the presentation of local authority financial statements</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 106</p>	<p>CIPFA has been working on the 'Telling the Story' project, for which the aim was to streamline the financial statements and improve accessibility to the user and this has resulted in changes to the 2016/17 Code of Practice.</p> <p>The changes affect the presentation of income and expenditure in the financial statements and associated disclosure notes. A prior period adjustment (PPA) to restate the 2015/16 comparative figures is also required.</p>	<p><b>Work planned:</b></p> <ul style="list-style-type: none"> <li>• We will document and evaluate the process for the recording the required financial reporting changes to the 2016/17 financial statements.</li> <li>• We will review the re-classification of the Comprehensive Income and Expenditure Statement (CIES) comparatives to ensure that they are in line with the Authority's internal reporting structure.</li> <li>• We will review the appropriateness of the revised grouping of entries within the Movement In Reserves Statement (MIRS).</li> <li>• We will test the classification of income and expenditure for 2016/17 recorded within the Cost of Services section of the CIES.</li> <li>• We will test the completeness of income and expenditure by reviewing the reconciliation of the CIES to the general ledger.</li> <li>• We will test the classification of income and expenditure reported within the new Expenditure and Funding Analysis (EFA) note to the financial statements.</li> <li>• We will review the new segmental reporting disclosures within the 2016/17 financial statements to ensure compliance with the CIPFA Code of Practice.</li> </ul>

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# Other risks identified (continued)

## Going concern

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK and Ireland) 570). We will review the management's assessment of the going concern assumption and the disclosures in the financial statements.

## Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in the previous sections but will include:

- Cash and cash equivalents
- Investments (long and short term)
- Trade and other receivables
- Borrowings and other liabilities (long and short term)
- Provisions
- Useable and unusable reserves
- Movement in Reserves Statement and associated notes
- Statement of cash flows and associated notes
- Financing and investment income and expenditure
- Welfare benefits expenditure
- Taxation and non-specific grants
- New note disclosures
- Officers' remuneration note
- Leases note
- Related party transactions note
- Capital expenditure and capital financing note
- Financial instruments note
- Housing Revenue Account and associated notes
- Collection Fund and associated notes

# Value for Money

## Background

The Code requires us to consider whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.

The National Audit Office (NAO) issued its guidance for auditors on value for money work for 2016/17 in November 2016. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Council has proper arrangements in place.

The guidance identifies one single criterion for auditors to evaluate:

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

This is supported by three sub-criteria as set out opposite:

Sub-criteria	Detail
Informed decision making	<ul style="list-style-type: none"> <li>Acting in the public interest, through demonstrating and applying the principles and values of sound governance</li> <li>Understanding and using appropriate cost and performance information (including, where relevant, information from regulatory/monitoring bodies) to support informed decision making and performance management</li> <li>Reliable and timely financial reporting that supports the delivery of strategic priorities</li> <li>Managing risks effectively and maintaining a sound system of internal control</li> </ul>
Sustainable resource deployment	<ul style="list-style-type: none"> <li>Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions</li> <li>Managing and utilising assets effectively to support the delivery of strategic priorities</li> <li>Planning, organising and developing the workforce effectively to deliver strategic priorities.</li> </ul>
Working with partners and other third parties	<ul style="list-style-type: none"> <li>Working with third parties effectively to deliver strategic priorities</li> <li>Commissioning services effectively to support the delivery of strategic priorities</li> <li>Procuring supplies and services effectively to support the delivery of strategic priorities.</li> </ul>

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# Value for Money (continued)

## **Risk assessment**

We have carried out an initial risk assessment based on the NAO's auditor's guidance note (AGN03). In our initial risk assessment, we considered:

- our cumulative knowledge of the Council, including work performed in previous years in respect of the VfM conclusion and the opinion on the financial statements.
- the findings of other inspectorates and review agencies, if undertaken.
- any illustrative significant risks identified and communicated by the NAO in its Supporting Information.
- any other evidence which we consider necessary to conclude on your arrangements.

We have identified significant risks which we are required to communicate to you. These are set out overleaf.

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## **Reporting**

The results of our VfM audit work and the key messages arising will be reported in our Audit Findings Report and in the Annual Audit Letter.

We will include our conclusion in our auditor's report on your financial statements which we will give by 31 July 2017.

## Value for money (continued)

We set out below the significant risks we have identified as a result of our initial risk assessment and the work we propose to address these risks.

Significant risk	Link to sub-criteria	Work proposed to address
<p><b>Financial Outlook</b>            The Council is forecasting an overspend of £64k for 2016/17; a budget for 2016/17 that is balanced using £89k of New Homes Bonus, and whose future is uncertain as the preliminary grant settlement shows the elimination of Revenue Support Grant by 2019/20. The MTFP shows a deficit of £419k in 17/18 which increases annually, peaking at £975k in 2020/21. Without any action the General Fund reserve of £2.2m would become overdrawn by £1.25m over the life of the plan.</p>	<p>This links to the Council's arrangements for planning finances effectively to support the sustainable delivery of strategic priorities and using appropriate cost and performance information to support informed decision making.</p>	<p>We will review the Council's arrangements for putting together and agreeing its medium term financial plan, including identification of savings plans; and its arrangements for monitoring and managing delivery of its budget and savings plans for 2016/17, 2017/18 and beyond.</p>

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# Other audit responsibilities

In addition to our responsibilities under the Code of Practice in relation to your financial statements and arrangements for economy, efficiency and effectiveness we have a number of other audit responsibilities, as follows:

- We will undertake work to satisfy ourselves that the disclosures made in your Annual Governance Statement are in line with CIPFA/SOLACE guidance and consistent with our knowledge of the Council.
- We will read your Narrative Statement and check that it is consistent with the financial statements on which we give an opinion and that the disclosures included in it are in line with the requirements of the CIPFA Code of Practice.
- We will carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO instructions to auditors.
- We consider our other duties under the Act and the Code, as and when required, including:
  - We will give electors the opportunity to raise questions about your financial statements and consider and decide upon any objections received in relation to the financial statements;
  - issue of a report in the public interest; and
  - making a written recommendation to the Council, copied to the Secretary of State

We certify completion of our audit.

# Results of interim audit work

The findings of our interim audit work, and the impact of our findings on the accounts audit approach, are summarised in the table below:

	Work performed	Conclusion
<b>Internal audit</b>  Page 112	<p>We have completed a high level review of internal audit's overall arrangements. Our work has not identified any issues which we wish to bring to your attention.</p> <p>We have also reviewed internal audit's work on the Council's key financial systems to date. We have not identified any significant weaknesses impacting on our responsibilities.</p>	<p>Overall, we have concluded that the internal audit service provides an independent and satisfactory service to the Council and that internal audit work contributes to an effective internal control environment.</p> <p>Our review of internal audit work has not identified any weaknesses which impact on our audit approach.</p>
<b>Entity level controls</b>	<p>We have obtained an understanding of the overall control environment relevant to the preparation of the financial statements including:</p> <ul style="list-style-type: none"> <li>• Communication and enforcement of integrity and ethical values</li> <li>• Commitment to competence</li> <li>• Participation by those charged with governance</li> <li>• Management's philosophy and operating style</li> <li>• Organisational structure</li> <li>• Assignment of authority and responsibility</li> <li>• Human resource policies and practices</li> </ul>	<p>Our work has identified no material weaknesses which are likely to adversely impact on the Council's financial statements</p>



## Results of interim audit work (continued)

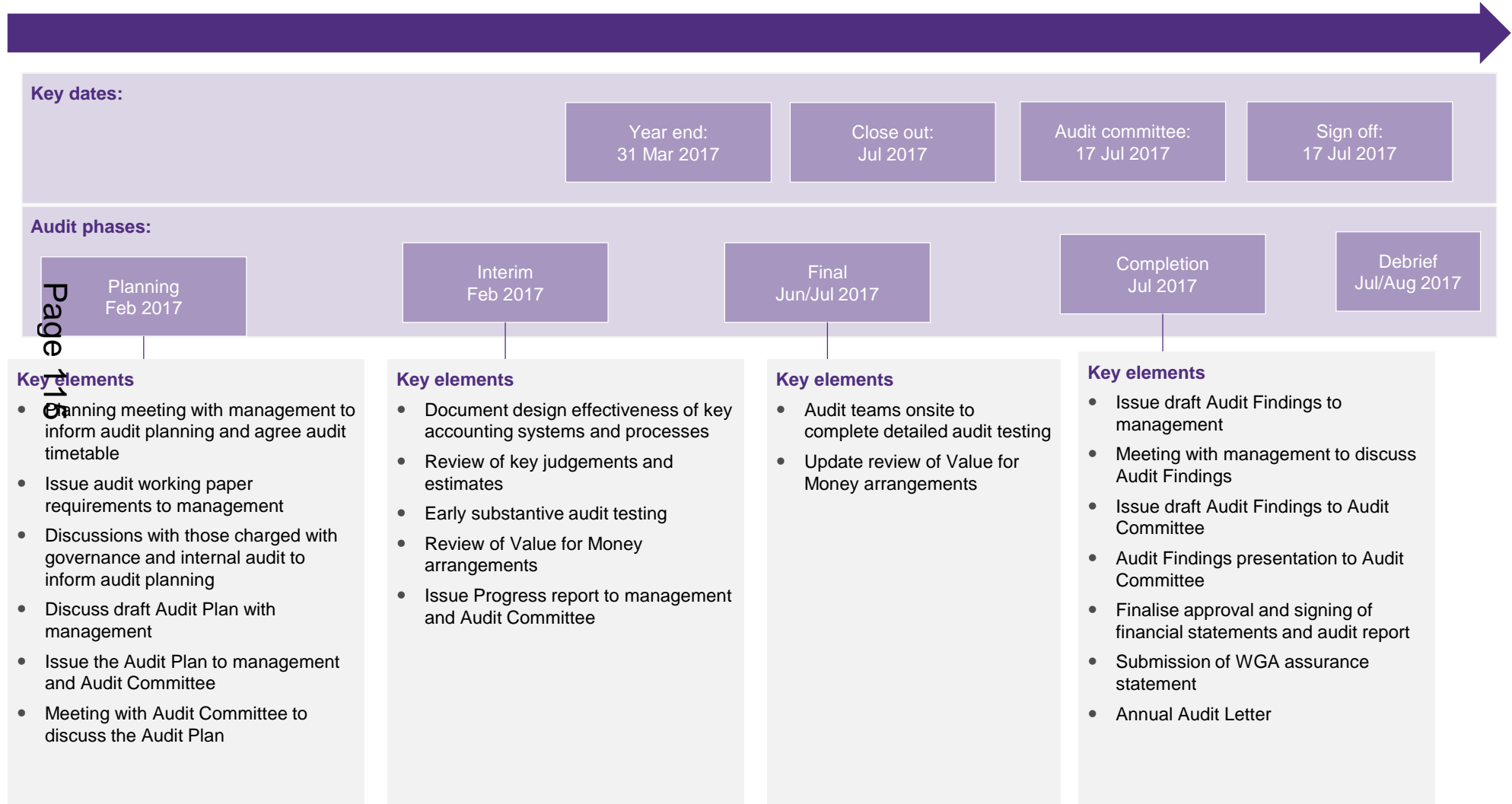
	Work performed	Conclusion
Walkthrough testing	<p>We have completed walkthrough tests of the Council's controls operating in Payroll, Operating Expenditure and Housing Benefits.</p> <p>Our work has not identified any issues which we wish to bring to your attention. Internal controls have been implemented by the Council in accordance with our documented understanding.</p>	<p>Our work has not identified any weaknesses which impact on our audit approach.</p>
Journal entry controls	<p>We have reviewed the Council's journal entry policies and procedures as part of determining our journal entry testing strategy and have not identified any material weaknesses which are likely to adversely impact on the Council's control environment or financial statements.</p> <p>To date we have undertaken detailed testing on journal transactions recorded for the first ten months of the financial year, by extracting 'unusual' entries for further review. No issues have been identified that we wish to highlight for your attention.</p>	<p>Our work to date has identified one issue that we wish to bring to your attention.</p> <p>In response to the control issued raised last year the Council implemented a monthly review of journal entries over a specified threshold. Whilst these review have been evidenced during the year, for some months the review was completed by an Officer who had also posted some of the journals, resulting in some self-authorisation. This was highlighted during our audit work. A second Officer has now reviewed and authorised the journals affected and going forward the Council will ensure there is secondary sign off for all journals requiring review.</p>

## Results of interim audit work (continued)

	Work performed	Conclusion
<p><b>Early substantive testing</b></p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 114</p>	<p>We have undertaken early substantive testing in the following areas:</p> <ul style="list-style-type: none"> <li>• Payroll – trend analysis for the first ten months of the year and transaction testing of a sample of payroll items.</li> <li>• Operating expenditure – substantive test of a sample of transactions from the first ten months of the year.</li> <li>• Other fees and charges income - substantive test of a sample of transactions from the first ten months of the year.</li> <li>• Review of grant income received to date.</li> <li>• PPE – substantive testing of a sample of capital expenditure transactions.</li> <li>• Journals- complete detailed testing on journal transactions recorded for the first ten months of the financial year, by extracting 'unusual' entries for further review.</li> <li>• Housing Benefit Expenditure – substantive test of a sample of benefits payments for the first ten months of the year.</li> <li>• Review precepts for Collection Funds</li> </ul>	<p>Our work has not identified any weaknesses which impact on our audit approach.</p>

# The audit cycle

## The audit timeline



# Audit Fees

## Fees

	£
Council audit	47,700
Grant Certification – HB Subsidy	6,908
<b>Total audit fees (excluding VAT)</b>	<b>54,608</b>

## Our fee assumptions include:

- Supporting schedules to all figures in the accounts are supplied by the agreed dates and in accordance with the agreed upon information request list
- The scope of the audit, and the Council and its activities, have not changed significantly
- The Council will make available management and accounting staff to help us locate information and to provide explanations
- The accounts presented for audit are materially accurate, supporting working papers and evidence agree to the accounts, and all audit queries are resolved promptly.

## Grant certification

- Our fees for grant certification cover only housing benefit subsidy certification, which falls under the remit of Public Sector Audit Appointments Limited
- Fees in respect of other grant work, such as reasonable assurance reports, are shown under 'Fees for other services'.

## Fees for other services

Fees for other services detailed on the following page, reflect those agreed at the time of issuing our Audit Plan. Any changes will be reported in our Audit Findings Report and Annual Audit Letter.

## What is included within our fees

- A reliable and risk-focused audit appropriate for your business
- Invitations to events hosted by Grant Thornton in your sector, as well as the wider finance community
- Regular sector updates
- Ad-hoc telephone calls and queries
- Technical briefings and updates
- Annual technical updates for members of your finance team
- Regular Audit Committee Progress Reports

# Independence and non-audit services

Ethical Standards and ISA (UK and Ireland) 260 require us to give you timely disclosure of matters relating to our independence. In this context, we disclose the following to you:

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and we confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to Mid Devon District Council. The following audit related and non-audit services were identified for the Council for 2016/17:

## Fees for other services

Service	Fees £	Planned outputs
<b>Audit related</b>		
Grant Certification – Capital Receipts Pooling	To be agreed	Awaiting guidance on audit requirements for 2016/17
Grant Certification – HCA	To be agreed	Awaiting guidance on audit requirements for 2016/17
<b>Non-audit related</b>		
No non-audit related work proposed		

The amounts detailed are fees agreed to-date for audit related and non-audit services (to be) undertaken by Grant Thornton UK LLP (and Grant Thornton International Limited network member Firms) in the current financial year. Full details of all fees charged for audit and non-audit services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

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

# Communication of audit matters with those charged with governance

International Standard on Auditing (UK and Ireland) (ISA) 260, as well as other ISAs (UK and Ireland) prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

This document, The Audit Plan, outlines our audit strategy and plan to deliver the audit, while The Audit Findings will be issued prior to approval of the financial statements and will present key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via a report to the Council.

## Respective responsibilities

As an auditor we are responsible for performing the audit in accordance with ISAs (UK and Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

This plan has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by Public Sector Audit Appointments Limited (<http://www.psa.co.uk/appointing-auditors/terms-of-appointment/>)

We have been appointed as the Council's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England at the time of our appointment. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the NAO and includes nationally prescribed and locally determined work (<https://www.nao.org.uk/code-audit-practice/about-code/>). Our work considers the Council's key risks when reaching our conclusions under the Code.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	✓	✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to the auditor's report, or emphasis of matter		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern	✓	✓

# Appendix 1: Action plan

## Priority

**High** - Significant effect on control system

**Medium** - Effect on control system

**Low** - Best practice

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility

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## **Report from the Chairman of the Audit Committee for 2016/17**

They say that when reading a report such as this, the reader tends to get bored by around paragraph 3 and will have lost the will to continue by Para 5, therefore for those who have such a disposition I am placing the most important aspect of the past year at the start of the report as opposed to the end as is the norm.

The year saw many areas of new and continued success for MDDC and the Audit and finance teams with that very broad statement doing little to truly identify how such things happen.

Although as chair my thanks go to all committee members past and present I believe they would agree to a man (and woman) that without the hard work undertaken by both our own and external staff our meetings would have little by way of meaningful content .

My special thanks go to Sarah Lees who in truth does more to ensure the meetings run as smoothly as they do than anybody else, this is done with a smile and on occasions a stern glance towards myself that ensures both the agenda and required formalities are adhered to. Audit may be the short straw as meetings go but Sarah's hard work does much to make them run as they do and more importantly keep me informed and on the right track.

Our officers in both the audit team, Catherine Yandle as lead, expertly assisted by Suzanne Kingdom and Nicky Chandler, do a fantastic job preparing internal audit reports and all associated documents and explanations of actions and of course the finance team who are required to make sense of all those figures and present them to committee in a way we can understand them.

My thanks to Andrew Jarrett our Director of Finance, assets and resources and his team for their fantastic efforts that enabled this council to be one of the first within the UK To submit our annual accounts on 31st May 2016 and obtained agreed sign off by our external auditors on 15th July 2016, a remarkable achievement .

Finally this past municipal year saw the committee lose Cllr Frank Letch to whom I offer my personal thanks for his valued contributions and the informed contributions of two MDDC officers who had attended and complimented our work and understandings in a very professional and personable manner, Mr Andrew Cawdron and Mrs Amy Tregellas, our thanks and best wishes to both.

Now the really good bits.....

This year's report starts with the meeting in March 2016, as with most years those with a burning desire to interrogate the happenings within the January meeting need to reference to the previous annual report or may of course look the individual meeting up on the MDDC web site.

## March 2016

March saw a full turn out of all members of the committee and gave a flavour of the year to come and the ever increasing changes seen within the world of Audit, we heard of the early filing of accounts required by central Government for 2018.

Committee noted reports on ...

The code of Corporate governance, MDDCs Risk and opportunity strategy, plus internal Audit reports and an update on progress against past audit recommendations, an area that as in the past again gave the committee a deal of concern on reported lack of progress.

We heard from our External Audit team from Grant Thornton on their advised programme for the coming year and also the letter of certification that although a legal requirement also brings the news of the Fees to be paid for their services, these being £55,118 for the Council Audit and Grant Certification, this being Down against the previous year's total of £72,810, for this year there was also some £2,900 of other fees details can be found within the report documents for this meeting.

## May 2016

First meeting of the new municipal year of 2016/17 sees the election of the chair and vice chair, I was delighted to have been nominated and the committee voted to allow me to continue as chair and I was joined by Cllr Frank Letch as vice chair.

The business of the day saw the agreed group substitutes named and a raft of documents and reports noted after detailed discussion, these included, the internal audit outturn report, Three separate internal audit reports, Corporate health and Safety, Main accounting systems and Procurement, the performance and risk report as well as updates on the Draft Governance statement, plus a very detailed report on the progress being made to enable MDDC to complete and submit our annual report and accounts for inspection and certification at the earlier date of 31st May, given the progress and positive report it was agreed that a special meeting would be arranged to give opportunity for discussion on 15th July.

## June 2016

June was one of the briefer meetings of the year, however we managed to pack in and debate various internal audit reports and it was at this meeting that committee again focused on outstanding recommendations from past audits, although it was recognised that good progress had been made in reducing the outstanding high

priority recommendations committee asked senior officer in attendance to reiterate the message to other senior staff members that progress was sought on outstanding medium risk recommendations that remained outstanding.

Committee had before it a report on why the appointment of external auditor's was required to change, mainly due to the closure of the audit commission and the time line of 2017 was required to agree a way forward.

There was no external auditors update as they were not in attendance due to time frames on completion of all work to finalise the annual accounts.

July 2016

The meeting due on the 26th July had been cancelled in order that this earlier meeting could be held on the 15th and with an 11am start time!! (for an excellent reason.)

July 15th was the first day any U.K. Council could debate and resolve that the annual accounts were approved, after officer reports on both the Governance statement and the annual accounts committee so voted thus MDDC being confirmed as one of the very first UK councils to do so.

September 2016

September's meeting returned to normal schedule and time slot with another extremely full agenda.

As chair I gave detail of available training via Grant Thornton our external auditors that was scheduled to take place at Sparkford Museum or Buckfast Abbey, these are excellent days to learn and compare, I attended at Sparkford later in the year and I know other committee members also attended and thoroughly enjoyed the day as well as learning a great deal.

Standard reports on Performance and Risk along with internal reports were debated by committee, it should be noted that a deal of debate was had when discussing the report on sickness and time off, that resulted in committee asking myself as chair to write to the CEO requesting he attend the next meeting to discuss the committees concerns as the report indicated a continuation of issues from the previous year.

Further discussion took place on the arrangement for the appointment of external auditors and the director finance Mr Andrew Jarrett gave an excellent explanation on the revised financial and contract rules.

We also had updates from Grant Thornton on the audit letter and External Audit progress report.

November 2016

Although we did not know at the time September had seen the final meeting attended by Amy Tregellas and Novembers meeting welcomed senior officer and

Director of Corporate Affairs and Business Transformation, Mrs Jill May, we also had a change within committee ranks with Cllr Frank Letch being replaced by Cllr Luke Taylor.

The committee also welcomed our chief executive Mr Stephen Walford following my invitation as detailed in Septembers meeting.

The meeting had the normal performance and risk reports and a number of internal audit reports were discussed and Grant Thornton also gave updates on their work to date.

The main bulk of the meeting was taken up with a general and at times specific discussion session with the CEO, given I have to have my report finalised pre the end of next week I would direct you dear reader to the detailed minutes of the meeting as displayed on the MDDC web site.

However it should be noted the debate was detailed, specific and undertaken in an honest and open manner.

January 2017

Well that was Christmas over and it was back to earth with the first Audit meeting of 2017.

The first order of business was the election of Cllr Christine Collis as vice Chair as we had lost Cllr Letch.

Committee welcomed the attendance of both our audit team officers Suzanne Kingdom and Nicky Chandler as we held a long and detailed debate on the options available for the internal audit teams future and how MDDC would have the process of internal audit overseen and managed going forward.

However after much debate a decision was delayed to allow both Suzanne and Nicky to visit the premises of one of the possible outside organisations offices.

We returned to updates on the Annual governance statement and herd detail of further internal audit reports.

Perforated risk was discussed with an emphasis on MDDCs corporate priority areas.

For the third time committee discussed the required arrangements for the appointment of external auditors and it was recommended that MDDC accept the public sector audit appointments invitation to "opt in" to the sector led option for the appointment of external auditors commencing 1st April 2018.

We also had the usual reports from Grant Thornton on their progress report and certification report.

And finally.....

A special meeting was held on 21st February 2017

This meeting was a one item agenda called to resolve the issue of what option committee wished to recommend to officers concerning the procurement of audit management going forward, the meeting was needed as the time frame required for

whatever option was chosen needed a decision in order that any external suppliers could be invoked with the planning of the internal audit programme going forward.

After a degree of debate the following decision was the last decision for the audit committee of the 2016/17 corporate year.

**RESOLVED** that the Management Team be informed that having carefully considered the options available, it was the Audit Committee's opinion that the Council should pursue procuring Audit management via a Service Level Agreement (SLA) or enter into Partnership Arrangements with an External Provider.

Finally.....

As we move forward as a council into the unknown and challenging world of commerce, we must remember that to take risks is to set goals that challenge and defy what has gone before, to fail is to learn but without failure we cannot cherish success.

Bob Evans  
MDDC  
Lower culm

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