

Public Document Pack

Mid Devon District Council

Audit Committee

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

Next ordinary meeting
Tuesday, 23 January 2018 at 5.30 pm

Those attending are advised that this meeting will be recorded

Membership

Cllr R Evans
Cllr Mrs J B Binks
Cllr Mrs C Collis
Cllr R M Deed
Cllr T G Hughes
Cllr 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 - 8)

To approve as a correct record the Minutes of the meeting held on 19 September 2017 (copy attached).

5. **Performance and Risk 2017/18** *(Pages 9 - 42)*

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 2017-18 as well as providing an update on the key business risks.

6. **Progress update on the Annual Governance Statement Action Plan** *(Pages 43 - 48)*

To receive a report from the Group Manager for Performance, Governance and Data Security providing the Committee with an update on progress made against the Annual Governance Statement 2016/17 Action Plan.

7. **Internal Audit Progress Report** *(Pages 49 - 66)*

To receive the Internal Audit Progress Report from the Deputy Head of the Devon Audit Partnership. This report is attached in two different formats, one is in the old style format and the other one is a revised format. The revised format is considered by many clients to be more informative, accessible and quicker to read. As well as considering the content of the report, the Committee is asked to consider if the new report meets its requirements and that they would like to receive it in the future.

8. **External Audit Progress Report** *(Pages 67 - 84)*

To receive a progress report and update from Grant Thornton regarding progress in delivering their responsibilities as the Council's external Auditors.

9. **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:

- Corporate Debt Recovery Policy (to be confirmed)
- Financial Regulations Review
- Performance and Risk
- AGS Action Plan update
- Internal Audit Progress Report
- External Audit Progress Report
- Grant Thornton – Grants Certification Report

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

Stephen Walford
Chief Executive
Monday 13 November 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

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MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **AUDIT COMMITTEE** held on 19 September 2017 at 5.30 pm

Present

Councillors

R Evans (Chairman)
Mrs C Collis, R M Deed, R F Radford,
L D Taylor and B A Moore

Apologies

Councillors

Mrs J B Binks and T G Hughes

Also Present

Officers

Andrew Jarrett (Director of Finance, Assets and Resources), Catherine Yandle (Internal Audit Team Leader), David Curnow (Deputy Head of Devon Audit Partnership) and Sarah Lees (Member Services Officer)

Also in

Attendance

G Daly (Grant Thornton)

27. **APOLOGIES**

Apologies were received from Councillors Mrs J B Binks who was substituted by Cllr B A Moore and T G Hughes.

28. **PUBLIC QUESTION TIME**

There were no members of the public present.

29. **MINUTES OF THE PREVIOUS MEETING**

The minutes of the meeting held on 17 July 2017 were confirmed as a true and accurate record and **SIGNED** by the Chairman.

30. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman had the following announcements to make:

- a) He welcomed John Smith to the meeting who was present to observe it as part of his role as an Independent Person on the Standards Committee.
- b) He informed the Committee that he had had a pre-meeting with David Curnow, the Deputy Head of the Devon Audit Partnership in order to touch base on the new audit arrangements. He was happy to report that the feedback he had received from the staff, who had transferred, was that they were very pleased and happy in the new engagement.

- c) The next Devon Audit Partnership (DAP) meeting would be on 15 November at 10.30am at County hall and he and Cllr R F Radford intended to attend.
- d) He reminded the Committee that two training days were being run by the Devon Audit Partnership (DAP) and the South West Audit Partnership (SWAP) on 18 October (at the Sparkford Motor Museum) and 24 October (at Buckfast Abbey). All members of the Committee were welcome to attend. It was his intention to attend the Sparkford Museum training on 24 October 2017.
- e) The Policy Development Groups had started having informal workshops to discuss policy development in an informal setting, he asked whether the Audit Committee wished to also have an informal forum in which to discuss issues and ideas around the audit subject. It was **AGREED** by the Committee that this was not necessary for their particular Committee.
- f) He was regularly copied into a DAP 'Internal Audit View' newsletter and asked whether the rest of the Committee would like to be added to the distribution list. It was **AGREED** that they wished for this to happen.

31. **PERFORMANCE AND RISK FOR 2017-18 (00:07:35)**

The Committee had before it, and **NOTED**, a report * from the Director of Corporate Affairs & Business Transformation providing it with an update on performance against the Corporate Plan and local service targets for 2017-18 as well as providing an update on the key business risks.

The report provided further information in relation to projects being run by the Council that were helping to deliver the aims and objectives of the Corporate Plan.

It was explained that a decision had been taken to remove some of the performance and risk reporting in relation to the Community portfolio and treat it as Part II. This was specifically in relation to the leisure service area, where some of the information was of a commercially sensitive nature. Reporting of performance data was therefore currently under review in his area.

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

32. **PROGRESS UPDATE ON THE ANNUAL GOVERNANCE STATEMENT ACTION PLAN (00:13:02)**

The Committee had before it, and **NOTED**, a report * from the Internal Audit Team Leader providing it with an update on progress made against the Annual Governance Statement 2016/17 Action Plan.

Of the issues that had been identified as needing action the following update was provided:

- The Leadership Team had commenced regular 6 monthly question and answer sessions for all staff and also a regular 'Chat with the Chief'.
- The staff charter had been discussed in the previous week by the Leadership Team.

- The deadline for ethics training had now lapsed and a revised date needed to be shown in the Action Plan for the next meeting.
- The Aspiring Managers programme had now commenced.
- An Equalities training session had been run for Members, however, this had been very poorly attended therefore an additional session would be run again before full Council on 25 October 2017.

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

33. **INTERNAL AUDIT PROGRESS REPORT (00:16:55)**

The Committee had before it, and **NOTED**, a report * from the Deputy Head of the Devon Audit Partnership updating it on the work performed by Internal Audit for the 2017/18 financial year.

The contents of the report were outlined with the following being highlighted:

- They had largely concentrated on systems audits and had fitted in other audits around this.
- The Performance Progress Chart showed that the team were on track to complete the audits within the Audit Plan by the end of the year.
- The planned audit of Housing Options – Homelessness had been deferred until the Autumn at the client's request to fit better with proposed changes in legislation. The team had however, in the meantime been able to make one or two recommendations around staff safeguarding in that area.
- One high risk had been identified in relation to 'Electronic Payments' and a recommendation had been made to mitigate the risk going forwards.
- Regarding the Contracts Register audit the review had shown that there were a number of weaknesses in the systems of internal check and control and recommendations had been made to address these weaknesses.
- A number of issues had been identified within Planning Enforcement, these had been recognised by the service area and a positive plan of action had been put in place.

The Chairman stated that the number of medium risk recommendation had risen from 24 to 32 and 8 of those were outstanding from 2015. He asked that the Director of Finance, Assets and Resources take the message back to Leadership Team that the Committee wanted to be reassured that these were being addressed and that there was a concerted effort to improve these numbers. The Director of Finance Assets and Resources stated that he would provide the Committee with a progress update by the end of the following week.

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

34. **MEETING MANAGEMENT**

The Chairman stated that the next item of business would be to receive the Annual Audit Letter from Grant Thornton followed by the External Audit progress report.

35. ANNUAL AUDIT LETTER FROM GRANT THORNTON (00:27:02)

The Committee had before it, and **NOTED**, the Annual Audit Letter * from Grant Thornton summarising the key findings arising from the Work they carried out as the Council's external auditors for the year ended 31 March 2017.

The following was highlighted within the report:

- Grant Thornton had issued an unqualified opinion in relation to the Council's financial statements and value for money conclusion on 17 July 2017.
- They had certified that they had completed the audit of the accounts in accordance with the requirements of the Code on 8 September 2017.
- They had submitted their assurance statement on the Whole of Government Accounts on 14 August 2017.
- As the Council's external auditors they were required to certify the Housing Benefit subsidy claim, this work was not yet complete but would be finalised by 30 November 2017.

Note: * Annual Audit Letter previously circulated; copy attached to the signed minutes.

36. EXTERNAL AUDIT PROGRESS REPORT AND UPDATE (00:29:05)

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

- It was anticipated that they would complete the certification of the Council's 2015/16 Housing Benefit and Council Tax subsidy claims by 30 November 2017.
- They were also due to commence work on the Pooling of Housing Capital Receipts claim as well as the Housing & Communities Agency claim.

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

37. IDENTIFICATION OF ITEMS FOR THE NEXT MEETING (00:30:50)

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

- The new format of internal audit reports.

(The meeting ended at 6.01 pm)

CHAIRMAN

AUDIT COMMITTEE 21 NOVEMBER 2017

PERFORMANCE AND RISK FOR 2017-18

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 2017-18 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.

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

1.0 Introduction

- 1.1 Appendices 1-5 provide Members with details of performance against the Corporate Plan and local service targets for the 2017-18 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 Regarding the Corporate Plan Aim: **Increase recycling and reduce the amount of waste**: The Council is broadly on track with **Residual household waste per household (measured in Kilograms)** until the end of August of just under 167kg against a profiled target of 175kg. We are still a little below target for **% of household waste reused, recycled and composted** and the % tends to be lower later in the year due to the reduction in garden waste tonnage. Last year August was the peak in performance for 2016/17 at 56.7%.
- 2.2 The 2-3% reduction in the recycling rate for quarters 1 and 2 was due to the loss of mechanical sweeping material being composted. The material could not be accepted from April 2017 until the new transfer station was operational due to DCC contractual changes.
- 2.3 The transfer station at Carlu Close has been completed and is now accepting food, garden and residual waste. The amount of residual waste accepted will gradually increase in tonnage until December 2018. All residual waste accepted at the site is then transported to the Exeter Energy from waste plant.
- 2.4 **Number of Households on Chargeable Garden Waste**; sales/renewals exceeded the target of 9,000 by the end of June. We would expect the increase in numbers to slow now the peak growing season has passed but we still had an extra 984 customers in September!
- 2.5 Regarding the Corporate Plan Aim: **Reduce our carbon footprint**: The new split garden and food waste vehicles have now been delivered and this means two HGVs have been replaced by smaller 7.5T vehicles reducing fuel usage and carbon emissions.
- 2.6 Regarding the Corporate Plan Aim: **Protect the natural environment**: The Air Quality Action Plan, for the District, 2017-21 was presented to the Community PDG on 26 September; after useful discussion, it was referred back for further information to be brought to the next meeting on 28 November.

Homes Portfolio - Appendix 2

- 2.7 Regarding the Corporate Plan Aim: **Build more council houses**: No new **Council Houses** were completed in 2016/17 nor so far in 2017/18 however work is progressing on Birchen Lane and Palmerston Park, both due for completion in 2018.
- 2.8 Regarding the Corporate Plan Aim: **Facilitate the housing growth that Mid Devon needs, including affordable housing**: 43 **empty homes** have been brought back into use in the first 6 months against an annual target of 25 for 2017/18 which is excellent.

- 2.9 Regarding the Corporate Plan Aim: **Planning and enhancing the built environment:** The Local Plan is of course key to this; having taken legal advice and reviewed the statements of participants who would take part in the hearings a deferment has been requested to allow an independent review of the major modifications stage sustainability appraisal. This has been commissioned but a delay in the order of 6 months is expected.
- 2.10 **Percentage of Properties with a Valid Gas Safety Certificate (LGSR):** the two expired properties are subject to possession proceedings by the tenancy service. MDDC are unable to cap the gas supply of occupied properties even where the LGSR has expired.
- 2.11 As predicted the impact of welfare reform is now being felt and arrears are increasing; the service will be looking at ways to mitigate this in the Service Business Plan for next year. As the effects of the introduction of Universal Credit bite we cannot expect to continue achieving collection rates of 100%.

Economy Portfolio - Appendix 3

- 2.12 Regarding the Corporate Plan Aim: **Attract new businesses to the District:** The Economic Development team has been dealing with a number of enquiries from businesses looking to locate and grow within Mid Devon. Working with our Planning team and other services across the local authority, we have been able to find solutions for most of these. Examples include: a fibre manufacturer occupying an initial employment site of over 60,000sq.ft. in Cullompton and a new 35,000 sq.ft. unit at Hitchcock's Business Park with other sites seeking planning approval in the near future.
- 2.13 Regarding the Corporate Plan Aim: **Focus on business retention and growth of existing businesses:** The target for the number of **Apprentice starts** is the government target calculated as 2.3% of FTEs. We had 9 apprentices @ 31 March 2017 and had 5 starters in September. The Council is holding an apprenticeship event at Phoenix House on 14 November to promote apprenticeships to existing staff as a way of upskilling and enhancing career progression while also utilising the apprenticeship levy the Council pays.
- 2.14 Regarding the Corporate Plan Aim: **Improve and regenerate our town centres with the aim of increasing footfall, dwell-time and spend in our town centres: Empty Shops** were discussed at the last meeting as they are input at the start of the quarter.
- 2.15 Regarding the Corporate Plan Aim: **Grow the tourism sector:** Tiverton Pannier Market will have its last Electric Nights event for this year on 2 December with its Santa Spectacular.
- 2.16 Other: The Local Plan; having taken legal advice and reviewed the statements of participants who would take part in the hearings a deferment has been requested to allow an independent review of the major modifications stage

sustainability appraisal. This has been commissioned but a delay in the order of 6 months is expected.

Community Portfolio - Appendix 4

- 2.17 Regarding the Corporate Plan Aim: **Work with local communities to encourage them to support themselves:** Private Sector Housing have organised a Landlord Networking event at Muddiford Court on 8 November there will be 24 stands, 4 occupied by MDDC services, with representatives from local property service businesses, letting agents etc. Nearly 100 delegates are expected as well as the stall holders; the emphasis will be on promoting the benefits of investing in their properties.
- 2.18 MDDC is also hosting the Involve Mid Devon AGM on 7 November; as over 20 organisations are attending, the opportunity has been taken to run a networking event before the AGM with Councillors and staff attending.
- 2.19 Regarding the Corporate Plan Aim: **Work with Town and Parish Councils:** MDDC hosted the Town and Parish Council AGM at Phoenix House on 5 October; over half the Councils were represented and it was very well received. Training on Standards from the Monitoring Officer was offered on 30 October.
- 2.20 Regarding the Corporate Plan Aim: **Promote physical activity, health and wellbeing:** The EVLC extension Phase 1 is complete with the Dance Studio official opening on 9 November.
- 2.21 The Leisure Service has taken a strategic partnership approach to the procurement of the equipment for the new EVLC extension, the design and supply contract was awarded to Matrix after a tender exercise which included presentations from the short listed companies.
- 2.22 **Other:** In the light of the Guardian Newspaper and ITN News investigation into food hygiene and labelling concerns at the 2 Sisters Food Group plant at West Bromwich, Neil Parish MP and Chair of the Environment, Food and Rural Affairs Select Committee asked what action MDDC Environmental Health would be taking to ensure the highest possible animal welfare and food standards are adhered to at the Willand plant.
- 2.23 MDDC Environmental Health have no direct regulatory role at the plant but were holding regular dialogue with the Food Standards Agency (FSA), who enforce food safety, and Trading Standards, who enforce composition and labelling, over operational matters. The FSA decided to extend its investigations to include the Willand site and on 6 October 2017 the Lead Officer for Environmental Health accompanied the FSA Audit Veterinary Leader for a 6-hour audit of the plant. The findings for this inspection were feed into a report for a meeting held between the FSA Chief Operating Officer and the 2 Sisters Directors.

- 2.24 On the 25 October the Environment, Food and Rural Affairs Select Committee held two sessions for its inquiry into the allegations of food safety breaches at 2 Sisters Food Group. The inquiry will look into the role and performance of the FSA, Sandwell Metropolitan Council and accreditation bodies and will also explore the potential ramifications of the allegations made against 2 Sisters for the poultry sector and the wider food chain. MDDC Environmental Health staff continue to work closely with the FSA and Trading Standards over this matter.

Corporate - Appendix 5

- 2.25 The **working days lost due to sickness** is a little below target.
- 2.26 The **Response to FOI requests** is still well below target. At present there is no dedicated member of staff, Customer First are maintaining the service, recruitment for a replacement member of staff is expected to take place this month. The PIs for Customer First are all on or above target.
- 2.27 The **Performance Planning Guarantee determined within 26 weeks** is slightly below target but the 4 speed and quality measures are all above the required target.
- 2.28 Two units at Market Walk have been let, subject to contract.

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 10 or more. (Appendix 6)
- 3.2 Appendix 7 shows the risk matrix for MDDC for this quarter. If risks are not scored they are included in the matrix at their inherent score which will be higher than their current score would be.

4.0 Conclusion and Recommendation

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

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

Circulation of the Report: Management Team and Cabinet Member

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Corporate Plan PI Report Community

Monthly report for 2017-2018

Arranged by Aims

Filtered by Aim: Priorities Community

Filtered by Flag: Exclude: Corporate Plan Aims 2016 to 2020

For MDDC - Services

Key to Performance Status:

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

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	Group Manager	Officer Notes
<u>GP Referrals</u>	n/a	n/a		18				22								22 (5/12)	Corinne Parnall	(August) Out of a possible 28 (CY)
<u>Introduce Trimtrails across the District</u>		0	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	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	Group Manager	Officer Notes
<u>Number of social media communications MDDC send out</u>	95 (6/12)	191	For information only	87	129	101	152	152	111							111 (6/12)	Liz Reeves	(September No. of Facebook Posts Published = 57 No. of Tweets Tweeted = 54 (MA))
<u>Number of web hits per month</u>	26,856 (6/12)	28,543	***For information only***	30,041	32,545	28,620	28,208	27,028	26,949							26,949 (6/12)	Liz Reeves	
<u>Compliance with food safety law</u>	91% (6/12)	89%	90%	90%	90%	90%	89%	89%	89%							89% (6/12)	Simon Newcombe	

Printed by: Catherine Yandle

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Print Date: 26 October 2017 17:0

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Corporate Plan PI Report Economy

Monthly report for 2017-2018
 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 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	Group Manager	Officer Notes
<u>Number of business rate accounts</u>	2,880 (6/12)	2,930	2,975	2,933	2,936	2,942	2,951	2,951	2,963							2,963 (6/12)	John Chumbley, Andrew Jarrett	

Aims: Focus on business retention and growth of existing businesses

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	Group Manager	Officer Notes
<u>Number of Apprentice starts at MDDC</u>	1 (6/12)	5	10	0	0	0	0	0	5							5 (6/12)	Jane Cottrell, Nicola Cuskeran	

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	Group Manager	Officer Notes
<u>Increase in Car Parking Vends</u>	54,166 (6/12)	55,241		48,051	53,937	54,086	54,730	54,417	54,734							54,734 (6/12)	Andrew Jarrett	
<u>The Number of Empty Shops (TIVERTON)</u>	17 (2/4)	16	18	n/a	n/a	n/a	19	n/a	n/a	25	n/a	n/a	n/a	n/a		25 (2/4)	Adrian Welsh	(Quarter 2) 11% of all retail units (JB)
<u>The Number of Empty Shops (CREDITON)</u>	7 (2/4)	7	8	n/a	n/a		n/a	n/a	8	n/a	n/a		n/a	n/a		8 (2/4)	Adrian Welsh	(Quarter 2) 8 vacant units represents 6.8% of total number of retail units. (JB)
<u>The Number of Empty Shops (CULLOMPTON)</u>	10 (2/4)	8	8	n/a	n/a	n/a	11	n/a	n/a	9	n/a	n/a	n/a	n/a		9 (2/4)	Adrian Welsh	(Quarter 2) 9 vacant units representing 10.5% of the total retail units (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	Group Manager	Officer Notes
<u>Funding awarded to support economic projects</u>	£56,842 (2/4)	£61,842		n/a	n/a	£0	n/a	n/a	£0	n/a	n/a		n/a	n/a		£0 (2/4)	Adrian Welsh	

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Corporate Plan PI Report Environment

Monthly report for 2017-2018
 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	Group Manager	Officer Notes
<u>Residual household waste per household (measured in Kilograms)</u>	148.81 (5/12)	374.20	420.00	32.80	63.57	98.59	130.52	166.92								166.92 (5/12)	Stuart Noyce	(April - Septem Figures supplied DCC on month behind reporting cycle. (L
<u>% of Household Waste Reuse, Recycled and Composted</u>	56.7% (5/12)	53.3%	53.0%	51.3%	52.6%	51.3%	51.8%	52.1%								52.1% (5/12)	Stuart Noyce	(Septem Figures supplied DCC on month behind reporting cycle. (L
<u>Net annual cost of waste service per household</u>		£56.37	£50.35	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a		n/a	Stuart Noyce	
<u>Number of Households on Chargeable Garden Waste</u>	8,533 (6/12)	8,536	9,000	8,692	8,973	9,107	9,343	9,449	9,537							9,537 (6/12)	Stuart Noyce	(Septem The num of custome has riser 984 sinc Septemt 2016 (LI
<u>% of missed collections reported (refuse and organic waste)</u>	0.03% (6/12)	0.04%	0.03%	0.04%	0.03%	0.03%	0.03%	0.03%	0.03%							0.03% (6/12)	Stuart Noyce	(Septem Continue remain c target (L
<u>% of Missed Collections logged (recycling)</u>	0.03% (6/12)	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%							0.03% (6/12)	Stuart Noyce	(Septem Continue remain c target (L
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	Group Manager	Officer Notes
<u>Number of Fixed Penalty Notices (FPNs) Issued (Environment)</u>	5 (6/12)	10		5	9	10	13	16	21							21 (6/12)	Vicky Bowden	

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Corporate Plan PI Report Homes

Monthly report for 2017-2018
Arranged by Aims
Filtered by Aim: Priorities Homes
For MDDC - Services

Key to Performance Status:

Performance Indicators:

No Data

Well below
target

Below target

On target

Above target

Well above
target

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

Corporate Plan PI Report Homes

Priorities: Homes

Aims: Build more council houses

Performance Indicators

Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Actual to Date	Group Manager	Officer Notes
<u>Build Council Houses</u>	0 (2/4)	0	13	0	0	0	0	0	0							0 (6/12)	Angela Haigh	

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	Group Manager	Officer Notes
<u>Number of affordable homes delivered (gross)</u>	19 (2/4)	31	80	n/a	n/a	26	n/a	n/a	33	n/a	n/a		n/a	n/a		33 (2/4)	Angela Haigh	
<u>Deliver 15 homes per year by bringing Empty Houses into use</u>	5 (6/12)	33	25	7	11	13	23	34	43							43 (6/12)	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	Group Manager
<u>Number of Successful Homelessness Prevention Cases</u>	136 (2/4)	295	No Target - for information only	n/a	n/a		99	n/a	n/a	159	n/a	n/a	n/a	n/a		159 (2/4)	Angel Haigh
<u>% Decent Council Homes</u>	99.97% (6/12)	100.00%	100.0%	99.9%	99.9%	100.0%	99.9%	100.0%	100.0%							100.0% (6/12)	Mark Baglo
<u>% Properties With a Valid Gas Safety Certificate</u>	99.96% (6/12)	99.86%	100.0%	99.95%	99.64%	99.87%	99.82%	99.96%	99.91%							99.91% (6/12)	Angel Haigh
<u>Rent Collected as a Proportion of Rent Owed</u>	99.56% (6/12)	100.18%	100.0%	93.76%	95.18%	96.25%	96.87%	99.14%	98.73%							98.73% (6/12)	Angel Haigh
<u>Current Tenant Arrears as a Proportion of Annual Rent Debit</u>	1.02% (6/12)	0.60%	1.00%	0.93%	1.06%	1.16%	1.30%	1.26%	1.30%							1.30% (6/12)	Angel Haigh
<u>Dwelling rent lost due to voids</u>	0.6% (6/12)	0.5%	no target - for information only	0.4%	0.5%	0.5%	0.5%	0.5%	0.5%							0.5% (6/12)	Angel Haigh
<u>Average Days to Re-Let Local Authority Housing</u>	17.3days (6/12)	15.7days	16.0days	14.0days	13.9days	14.9days	14.1days	13.8days	14.3days							14.3days (6/12)	Angel Haigh

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For MDDC - Services

Performance Indicators:

Well above target

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

Print Date: 29 October 2017 12:43

Corporate Plan PI Report Corporate

Priorities: Delivering a Well-Managed Council

Aims: Put customers first

Performance Indicators

Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Actual to Date	Group Manager	Officer Notes
<u>Guarantee determine within 26 weeks</u>																	Adrian Welsh	
<u>Major applications determined within 13 weeks (over last 2 years)</u>	66% (2/4)	74%	60%	n/a	n/a	47%	n/a	n/a	65%	n/a	n/a		n/a	n/a		65% (2/4)	Jenny Clifford, Adrian Welsh	
<u>Minor applications determined within 8 weeks (over last 2 years)</u>	(2/4)	76%	65%	n/a	n/a	79%	n/a	n/a	79%	n/a	n/a		n/a	n/a		79% (2/4)	Jenny Clifford, Adrian Welsh	
<u>Major applications overturned at appeal (over last 2 years)</u>	10% (2/4)	9%	10%	n/a	n/a	4%	n/a	n/a	4%	n/a	n/a		n/a	n/a		4% (2/4)	Jenny Clifford, Adrian Welsh	
<u>Minor applications overturned at appeal (over last 2 years)</u>	n/a	n/a	10%	n/a	n/a	0%	n/a	n/a	0%	n/a	n/a		n/a	n/a		0% (2/4)	Jenny Clifford, Adrian Welsh	
<u>Response to FOI Requests (within 20 working days)</u>	97% (6/12)	94%	100%	79%	85%	82%	80%	78%	78%							78% (6/12)	Catherine Yandle	(September) 53 answered 14 over 20 days (CY)
	3.41days (6/12)	7.89days	7.00days	0.61days	1.25days	1.88days	2.54days	3.12days	3.79days							3.79days (6/12)		

Corporate Plan PI Report Corporate

Priorities: Delivering a Well-Managed Council

Aims: Put customers first

Performance Indicators

Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Actual to Date	Group Manager	Officer Notes
<u>Working Days Lost Due to Sickness Absence</u>																	Jane Cottrell, Nicola Cuskeran	(September) During the period 1 April - 30 September 2017 the total days absence due to sickness was 1855 out of which 1142 days were attributable to Long Term sickness (15+ days) which equates to an average of 2.8 days per employee. (JC)
<u>Return on Commercial Portfolio</u>		8.6%	7.5%	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, Andrew Jarrett, Stuart Noyce, Susie Stevens-Brown	
<u>% total Council tax</u>	56.94% (6/12)	98.10%	98.50%	11.34%	20.61%	29.74%	38.73%	51.60%	56.69%							56.69% (6/12)	John Chumbley,	(August) please note that this %

Corporate Plan PI Report Corporate

Priorities: Delivering a Well-Managed Council

Aims: Put customers first

Performance Indicators

Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Actual to Date	Group Manager	Officer Notes
<u>collected - monthly</u>																	Andrew Jarrett	includes the DD's posted for 1st Sept as the overnight % collection report failed so was unable to get a figure until the next day (DP)
<u>% total NDR collected - monthly</u>	61.48% (6/12)	99.18%	99.20%	12.20%	19.88%	33.72%	40.57%	50.41%	57.38%							57.38% (6/12)	John Chumbley, Andrew Jarrett	(August) Please note that this figure includes the posted DD's for 1st September as the overnight job failed (DP)
<u>Number of visitors per month</u>	2,890 (6/12)	2,761	3,000	2,351	2,673	2,784	2,787	2,724	2,703							2,703 (6/12)	Liz Reeves	(September) No surgeries at Cullompton or Crediton (RT)
<u>Satisfaction with front-line services</u>	80.56% (6/12)	81.58%	80.00%	0.00%	0.00%	97.59%	97.59%	97.59%	97.14%							97.14% (6/12)	Liz Reeves	(August) No stats this month (RT)
<u>Increase Number of Digital payments</u>	34,858 (6/12)	69,567	70,960	5,927	11,973	18,239	24,320	30,434	36,969							36,969 (6/12)	Liz Reeves	

Corporate Plan PI Report Corporate																		
Priorities: Delivering a Well-Managed Council																		
Aims: Put customers first																		
Performance Indicators																		
Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Actual to Date	Group Manager	Officer Notes

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Risk Report Appendix 6

Report for 2017-2018

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

For MDDC - Services

Filtered by Performance Status: Exclude Risk Status: Low

Not Including Risk Child Projects records or Mitigating Action records

Key to Performance Status:

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

Risk Report Appendix 6

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

Effects (Impact/Severity):

- Increased costs for paying for private accommodation to house homeless
- Increase in number of homeless people in Mid Devon

Causes (Likelihood):

- Impact of economic downturn and reduced funding has reduced number of affordable housing units being built
- Under-occupation in existing stock
- Reduction in number of Right to Buys results in less HRA funding available for new builds

Service: Housing Services

Current Status: Medium (12)

Current Risk Severity: 4 - High

Current Risk Likelihood: 3 - Medium

Service Manager: Claire Fry

Review Note: There is still a significant deficit between permissions granted and build-out rates

Risk: Asset Management • The Council may not be optimising its portfolio of assets

- Assets purchased without prior approval may not be supported by Council policies and systems
- Misuse of assets could have a financial impact to the Council
- Inadequate inventory records could invalidate insurance claims, disrupt the business continuity process and hide instances of theft
- Failure to maintain the Asset Management Strategy could result in an inefficient use of resources

Not making a commercial ROI

Effects (Impact/Severity): • Theft of stocks and stores

Causes (Likelihood): • Mismanagement of stocks and stores

Service: Property Services

Current Status: Medium (12)

Current Risk Severity: 3 - Medium

Current Risk Likelihood: 4 - High

Service Manager: Andrew Busby, Stuart Noyce, Susie Stevens-Brown

Review Note: Capital Asset Management Strategy 2016-2020 on the website

Risk Report Appendix 6

Risk: Car Parks Car Park Overcrowding

Effects (Impact/Severity):

Causes (Likelihood):

Service: Leisure Services

Current Status: Medium
(12)

Current Risk Severity: 4 -
High

Current Risk Likelihood: 3 -
Medium

Service Manager: Darren Beer

Review Note:

Risk: Contingency - Business Continuity The Council fails to have an effective Business Continuity Plan in place that is up-to-date and complements the Emergency Plan, Disaster Recovery Plan and Risk Management Plan leading to service failure and loss in reputation.

Effects (Impact/Severity):

- Staff are not enabled or adequately prepared to deal with incidents in the event that senior managers are unavailable
- Poor management of a major incident will affect the Council's reputation
- There is a risk to decision-making processes and maintaining quorate committees in the event of loss of Members.
- Software Failure, leading to potential inability to pay staff, creditors, benefits etc and inability to access key data affecting service delivery and customer experience
- Increase in workforce homeworking

Causes (Likelihood):

- Severe weather including snow, flooding and heatwaves can cause disruption to normal service operation
- Severe space weather can cause disruption to a range of technologies and infrastructure, including communications systems, electronic circuits and power grids. The next period of such solar activity is forecast to occur around May 2013.
- There are predictions of scheduled power cuts from 2015. Failure to plan for this and implement contingency procedures will affect service delivery.
- Fuel strikes
- Industrial action

Service: Governance

Current Status: Medium
(12)

Current Risk Severity: 3 -
Medium

Current Risk Likelihood: 4 -
High

Service Manager: Catherine Yandle

Review Note: Service Business continuity plans will be reviewed at GMF on 23 October 2017

Risk: Dangerous Equipment Risks associated with using powered equipment and machinery or that which has moving parts eg fans, woodworking machines, abrasive wheels. Also risks with using powered portable tools eg electric drill, off-hand grinders as well as manual tools eg knife, guillotine. There are risks that some equipment may produce electromagnetic interference with pace-makers.

Effects (Impact/Severity): High if no PPE worn or risk assessments not followed

Causes (Likelihood): medium if procedures followed.

Service: Property Services

Risk Report Appendix 6

Current Status: Medium (12)

Current Risk Severity: 4 - High

Current Risk Likelihood: 3 - Medium

Service Manager: Andrew Busby, Stuart Noyce, Susie Stevens-Brown

Review Note:

Risk: Decline in National Macro-economics A decline in national macro-economics could result in level of influence by local government being limited and having little or no impact on local economic activity

Effects (Impact/Severity): High - Inability to meet Council objectives, customer requirements or financial commitments

Causes (Likelihood): High - no control over macro-economics but Council objectives and action plan currently in process to increase local economic activity

Service: Community Development

Current Status: Medium (12)

Current Risk Severity: 4 - High

Current Risk Likelihood: 3 - Medium

Service Manager: John Bodley-Scott

Review Note:

Risk: Economic Development Service Failure to promote economic activity within the District will suppress the potential for new jobs and increased prosperity for residents

A continuing economic recession could jeopardise our ability to achieve corporate objective of 'A Thriving Economy'

Effects (Impact/Severity): - Inability to meet Council objectives

- A lack of inward investment

- Uncertain economic recovery, impact on employment and infrastructure development

Causes (Likelihood): - Decline in national macro-economics

Service: Community Development

Current Status: Medium (12)

Current Risk Severity: 4 - High

Current Risk Likelihood: 3 - Medium

Service Manager: Adrian Welsh

Review Note: Economic Strategy currently being prepared which will focus the District Council's intervention in a more focused way and will also enable improved monitoring for this risk.

Risk: Evictions Tenants being evicted could become violent.

Effects (Impact/Severity):

Causes (Likelihood):

Service: Housing Services

Current Status: Medium (10)

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 2 - Low

Service Manager: Claire Fry

Review Note:

Risk Report Appendix 6

Risk: Five Year Commercial Land supply Failure to identify a 5 year land supply will stunt economic growth

Effects (Impact/Severity):

Causes (Likelihood):

Service: Planning

Current Status: High (20)

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 4 - High

Service Manager: Jenny Clifford

Review Note:

Risk: Five year housing land Supply Risk: Housing land supply. Inability to demonstrate the required 5 year housing land supply (+20%) until Local Plan Review approved

Effects (Impact/Severity): Effects (Impact /severity):

- Receipt of speculative housing applications in unplanned locations with less community benefit and less infrastructure / coordination compared with allocated sites.
- Objections
- Pressure on major application appeal performance (Government indicator of quality of decision making). Risk of intervention: loss of fee and less local control over major application decision making.

Causes (Likelihood): - Lack of sufficient housing completions, housing market conditions.

Service: Planning

Current Status: High (15)

Current Risk Severity: 3 - Medium

Current Risk Likelihood: 5 - Very High

Service Manager: Jenny Clifford

Review Note: Found to not have sufficient housing supply at appeal. Mitigation principally via new Local Plan once adopted. Close monitoring of applications, decisions and associated appeal performance.

Risk: Green Spaces Green Spaces - arborist team

Effects (Impact/Severity):

Causes (Likelihood):

Service: Grounds Maintenance

Current Status: Medium (10)

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 2 - Low

Service Manager: Joe Scully

Review Note: Because of the nature of the work which can be in areas of limited access to emergency services and of a high risk all team members should be First Aid at Work (FAW)

Risk Report Appendix 6

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

Service Manager: 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

Service Manager: Stuart Noyce

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

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

Effects (Impact/Severity):

Causes (Likelihood):

Service: Street Scene Services

Current Status: Medium (10)

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 2 - Low

Service Manager: Stuart Noyce

Review Note: Risk with control measures added

Risk: Hoarding Some tenants are known hoarders but we have policies in place and we do regular inspections.

Effects (Impact/Severity):

Causes (Likelihood):

Service: Housing Services

Current Status: Medium (10)

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 2 - Low

Service Manager: Claire Fry

Review Note:

Risk Report Appendix 6

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

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**

Service Manager: Claire Fry

Review Note:

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

Effects (Impact/Severity):

Causes (Likelihood):

Service: Housing Services

**Current Status: High
(15)**

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

**Current Risk Likelihood: 3 -
Medium**

Service Manager: Claire Fry

Review Note:

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**

Service Manager: 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 Report Appendix 6

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

Service Manager: Darren Beer

Review Note:

Risk: Local Plan Whether the Inspector will find the Plan unsound

Effects (Impact/Severity):

Causes (Likelihood):

Service: Planning

Current Status: Medium
(10)

Current Risk Severity: 5 - Very
High

Current Risk Likelihood: 2 -
Low

Service Manager: Jenny Clifford

Review Note: Steps taken to mitigate risks by commissioning additional work to strengthen evidence base.

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):

Causes (Likelihood):

Service: Property Services

Current Status: Medium
(12)

Current Risk Severity: 4 -
High

Current Risk Likelihood: 3 -
Medium

Service Manager: Andrew Busby, Stuart Noyce, Susie Stevens-Brown

Review Note:

Risk: New Homes A low housing build rate would equal less affordable housing resulting in a reduction in potential New Homes Bonus

Effects (Impact/Severity): - Loss of Affordable Housing Income Section 106

- Failure to meet targets in Development Plan

- Potentially unallocated sites being developed as 5-year housing supply reduces

Causes (Likelihood):

Service: Planning

Current Status: Medium
(12)

Current Risk Severity: 4 -
High

Current Risk Likelihood: 3 -
Medium

Service Manager: Jenny Clifford

Review Note:

Risk Report Appendix 6

Risk: Overall Funding Availability Changes to Revenue Support Grant, Business Rates, New Homes Bonus and other funding streams in order to finance ongoing expenditure needs.

Effects (Impact/Severity):

Causes (Likelihood):

Service: Financial Services

Current Status: High
(15)

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 3 - Medium

Service Manager: Andrew Jarrett

Review Note: Mitigation – Local and national working groups and advice from experts – liaise with DCLG and then attempt to model/plan.

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: Medium
(10)

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 2 - Low

Service Manager: Zoë Lentell

Review Note:

Risk: Plant Room Plant Room

Effects (Impact/Severity):

Causes (Likelihood):

Service: Leisure Services

Current Status: Medium
(12)

Current Risk Severity: 4 - High

Current Risk Likelihood: 3 - Medium

Service Manager: Darren Beer

Review Note:

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

Service Manager: Darren Beer

Review Note:

Risk Report Appendix 6

Risk: Power Take Off (PTO)shaft use That the PTO shaft is not correctly guarded

Effects (Impact/Severity):

Causes (Likelihood):

Service: Grounds Maintenance

Current Status: Medium (10)

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 2 - Low

Service Manager: Joe Scully

Review Note: Locking mechanism on the universal joint must be engaged successfully before engaging the PTO. Safe systems of work item

Risk: Premier Inn Construction site Increased difficulty in management of the car parking facility while the Premier Inn is being built

Effects (Impact/Severity):

Causes (Likelihood):

Service: Property Services

Current Status: Medium (10)

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 2 - Low

Service Manager: Andrew Busby, Stuart Noyce, Susie Stevens-Brown

Review Note: Enabling meeting with the contractor 24 July 2017

Risk: Reputational damage cyber security impact of reputational damage through social media is a significant risk that warrants inclusion on the Authority's risk register.

Effects (Impact/Severity):

Causes (Likelihood):

Service: Communications

Current Status: Medium (10)

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 2 - Low

Service Manager: None

Review Note:

Risk: Reputational re Council Housing Stock Handling a disaster/mistake properly would prevent any reputation damage.

Effects (Impact/Severity):

Causes (Likelihood):

Service: Housing Services

Current Status: Medium (10)

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 2 - Low

Service Manager: Claire Fry

Review Note:

Risk Report Appendix 6

Risk: School Swimming Sessions School Swimming Sessions

Effects (Impact/Severity):

Causes (Likelihood):

Service: Leisure Services

**Current Status: Medium
(10)**

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

**Current Risk Likelihood: 2 -
Low**

Service Manager: Darren Beer

Review Note:

Risk: Stress The physical and mental well-being of Officers could be affected by work environment and pressures caused by work demands and work relationships.

Effects (Impact/Severity):

Causes (Likelihood):

Service: Housing Services

**Current Status: Medium
(12)**

**Current Risk Severity: 3 -
Medium**

**Current Risk Likelihood: 4 -
High**

Service Manager: Claire Fry

Review Note:

Risk: Swimming Lessons Swimming Lessons

Effects (Impact/Severity):

Causes (Likelihood):

Service: Leisure Services

**Current Status: Medium
(10)**

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

**Current Risk Likelihood: 2 -
Low**

Service Manager: Darren Beer

Review Note:

Risk: Swimming Pool Swimming pool & spectator walkway

Effects (Impact/Severity):

Causes (Likelihood):

Service: Leisure Services

**Current Status: Medium
(10)**

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

**Current Risk Likelihood: 2 -
Low**

Service Manager: Darren Beer

Review Note:

Risk Report Appendix 6

Risk: Tenants with Complex Needs As our housing stock shrinks, the proportion of such tenants will increase.

Effects (Impact/Severity):

Causes (Likelihood):

Service: Housing Services

Current Status: Medium
(12)

Current Risk Severity: 4 -
High

Current Risk Likelihood: 3 -
Medium

Service Manager: Claire Fry

Review Note:

Risk: Welfare Reform Act - Benefits Failure to implement and communicate the new benefits framework effectively could result in applications not being completed in time

Effects (Impact/Severity): If the changes from current benefits system to Universal Credit go ahead, the system will require greater staff resource

Causes (Likelihood): Will now happen

Service: Revenues - Benefits

Current Status: No
Data

Current Risk Severity: 4 -
High

Current Risk Likelihood: 3 -
Medium

Service Manager: Andrew Jarrett

Review Note:

Risk: Workplace Welfare The provision of adequate welfare arrangements is important both in terms of complying with the law and keeping the workforce happy. People tend to perform better and be happier at their work if they are working in a safe and healthy environment. Workplace welfare includes the working environment (such as ventilation, noise, temperature, lighting, humidity, space, workstations and seating), welfare facilities (provision of drinking water, rest room and sanitary facilities including toilets, wash basins and showers), workplace safety and housekeeping (cleanliness and waste disposal).

Effects (Impact/Severity):

Causes (Likelihood):

Service: Legal Services

Current Status: Medium
(12)

Current Risk Severity: 4 -
High

Current Risk Likelihood: 3 -
Medium

Service Manager: Kathryn Tebbey

Review Note: The risk is not well-related to Legal Services. The risk for Legal Services is from a constant high workload leading to burnout and stress. Some of this will be alleviated through improved systems, but this may prove insufficient mitigation.

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Risk Matrix

Report For MDDC - Services Current settings

Risk Likelihood	5 - Very High	No Risks	No Risks	1 Risk	No Risks	No Risks
	4 - High	No Risks	No Risks	3 Risks	2 Risks	2 Risks
	3 - Medium	No Risks	3 Risks	12 Risks	12 Risks	3 Risks
	2 - Low	4 Risks	19 Risks	37 Risks	32 Risks	19 Risks
	1 - Very Low	7 Risks	10 Risks	13 Risks	17 Risks	22 Risks
		1 - Very Low	2 - Low	3 - Medium	4 - High	5 - Very High
		Risk Severity				

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AUDIT COMMITTEE 21 NOVEMBER 2017

PROGRESS UPDATE ON THE ANNUAL GOVERNANCE STATEMENT ACTION PLAN

Cabinet Member Cllr Clive Eginton, Leader
Responsible Officer Catherine Yandle, Group Manager Performance, Governance and Data Security

Reason for Report: To provide the Committee with an update on progress made against the Annual Governance Statement 2016/17 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 progress against the Annual Governance Statement Action Plan could result in comment from the external auditors when they next review the Annual Governance Statement.

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

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 on 17 July 2017.
- 1.2 The Action Plan is attached as Appendix A and progress updates have been noted on the document.
- 1.3 Two actions on the plan are overdue and are being re-scheduled (items 7 & 8) however eight items are completed with four not yet due. A further progress report will be brought to the next Audit Committee.





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

Circulation of the Report: Management Team and Cllr Clive Eginton





List of Background Papers: None

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Annual Governance Statement 2016-17 Action Plan

Issues Identified	Action to be taken	By whom	When
1. A peer review of the standards regime was carried out which identified various improvements were necessary.	Subject to the amendment of some wording the Code of Conduct for Councillors and Co-opted Members was recommended to Full Council for Approval.	Standards Committee 4 April Full Council 26 April	April 2017 
2. The Peer challenge identified a number of recommendations that the council could consider to drive future performance.	Report to Scrutiny outlining how the council intends to take these recommendations on board.	Chief Executive Report to Scrutiny 14 August	August 2017 
Page 45 It was identified that reporting too many low level risks was distracting attention from more critical risks.	Reporting criteria changed on SPAR to report only risks scoring over 10.	Internal Audit Team Leader First report using the new criteria Environment PDG 16 May	April 2017 
4. More benchmarking information is needed and stronger links between financial and performance monitoring. 5. Service plans demonstrate consideration of 'social value'. Evidence that budgets, plans and objectives are aligned.	Link between finance and performance to be reinforced in Service Business Plans for 2018/19.	Director of Corporate Assets and Resources	September 2017 23 October 

Annual Governance Statement 2016-17 Action Plan

6.	Corporate plan priorities and targets are still not effectively cascaded throughout the Council	Leadership Team have commenced 6 monthly Q & A sessions for all staff and also Chat with the Chief	Leadership Team First 2 sessions were 12 April Next 3 sessions were w/c 16 October	April 2017 
7.	Staff Charter to communicate expected values and behaviours	Issue a staff charter to all staff for their agreement	Director of Business Transformation and Corporate Affairs Launched - not expected to be completed until December	August 2017 December 2017 
8	We don't include ethics awareness in the staff induction training at present	Include ethics training in the new induction process	Director of Business Transformation and Corporate Affairs New Corporate Induction Plan in development	July 2017 
9.	The current economic situation is likely to continue to see a reduction in the number of staff employed by the Authority. We have identified that this presents a potential risk to our ability to retain the skills and experience needed. Measures are being implemented to combat this risk.	Aspiring Managers Scheme Skills Audit	Director of Business Transformation and Corporate Affairs 12 month programme - launched April 2017	April 2017 

Annual Governance Statement 2016-17 Action Plan

<p>10. Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity is a problem.</p> <p>11. We need processes for dealing with competing demands on the budget from the community</p>	<p>The gap has been recognised and a post has been approved</p>	<p>Director of Business Transformation and Corporate Affairs</p> <p>Communication & Consultation Manager appointed will start in January</p>	<p>December 2017</p> <p>January 2018</p> <p>😊</p>
<p>12. We have some matters to address where we assessed Internal Audit as “P” i.e. Partial Compliance.</p>	<p>Address areas with “P” assessment via Quality Assurance Improvement Plan (QAIP)</p>	<p>DAP Audit Manager</p>	<p>September 2018</p>
<p>Page 47</p> <p>A gap analysis against the GDPR has identified areas which need improvement</p>	<p>Ensure we have all necessary data sharing agreements in place</p> <p>Ensure we have done information audits on our “top 10”</p> <p>Roll out training to all staff and Members</p>	<p>Data Protection Officer</p>	<p>May 2018</p>
<p>14. We need to arrange Public Sector Equality duty training</p>	<p>Programme of awareness and training</p>	<p>Internal Audit Team Leader</p> <p>Members 16 May however very poorly attended so being re-run before Full Council</p> <p>SOF 28 June</p>	<p>June 2017</p> <p>25 October 2017</p> <p>😊</p>

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AUDIT COMMITTEE
21 NOVEMBER 2017

AGENDA ITEM:

INTERNAL AUDIT PROGRESS REPORT

Cabinet Member Cllr Peter Hare-Scott
Responsible Officer Audit Manager, David Curnow – Devon Audit Partnership

Reason for Report: To update the Committee on the work performed by Internal Audit for the 2017/18 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.

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

1.0 Introduction

- 1.1 The four-year strategic audit plan for 2017/18 to 2020/21 and annual work plan for 2017/18 were presented to the Audit Committee at its meeting on 21 March 2017, where they were approved.
- 1.2 The purpose of this report is to provide the Committee with a progress report on performance against the 2017/18 Internal Audit work plan for the period from 1 April to 15 October 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 carried out annually. We are scheduling these to be complete prior to the External Auditors interim audit in late February.

- 2.2.2 The Core audits are primarily scheduled and have started in the autumn.

2.3 Systems Audits

- 2.3.1 Systems Audits have been completed for Safeguarding, Housing Health and Safety Management Arrangements, Environmental Health and Lords Meadow Leisure Centre.

Travel & Subsistence, Customer Care & Complaints, Insurance and Elections & Electoral Registration are currently in progress.

- 2.3.2 The opinions for the majority of these are included in full in section 3 below and the remainder (Electoral Registration) will form part of the next progress report.

2.4 Other Work

- 2.4.1 The reporting on performance and risk using the Spar system is now provided by the Group Manager Performance, Risk & Data Security though support has been provided in the earlier part of the year for this to PDGs and Committees.

- 2.4.2 Tender documents have been verified as usual.

- 2.4.3 The Audit Manager and one of the Auditors have been involved with investigation work since the previous progress report. Separate reports will be issued to address these areas.

2.5 Performance Indicators

- 2.5.1 As at mid October 2017 the Internal Audit PIs are as follows:



The work completed is primarily systems work where the majority of the core work is scheduled for the second half of the year.

Customer Satisfaction

- 2.5.2 Ten post-audit surveys have been sent out to clients; seven have been returned scored as 4-5 for most questions, meaning they were satisfied or very satisfied with the process, which is excellent.
- 2.5.3 The results are good with 95% positive feedback to survey questions. The two audits where there was some constructive feedback related in one instance to the timing of the audit and the other audit with two comments on report findings and clarity. In this latter instance the service stated *"report amendment was needed to better reflect the actual risk and to recognise improvements already made/direction of travel in place. All changes were agreed with the exception of the overall audit opinion of risk in respect of private water supplies. There was nonetheless adequate opportunity to discuss the findings"*

3.0 Audit Opinions

The following opinions have been issued since the last report:

3.1 Safeguarding

3.1.1 Mid Devon District Council has adopted the Devon District Councils Joint Safeguarding Policy in partnership with Exeter Council, Teignbridge DC, North Devon Council, East Devon DC, South Hams DC, West Devon Borough Council and Torridge District Council. Within the policy, the aim and scope are clearly defined, as are the roles of each officer within the structure.

3.1.2 Since taking over the responsibility for Corporate Safeguarding in November 2016, the current Corporate Safeguarding Officer (CSO) has carried out a significant amount of work in updating policies and raising awareness of safeguarding issues within the Council in line with the joint policy.

3.1.3 The CSO has introduced a page on the Council's Sharepoint system that gives a list of all of the service designated safeguarding officers and attached a range of useful documents on the subject for employees. As well as this she has also achieved the following:

- Arranged training for the Service Designated Officers, (SDO's);
- raised staff awareness of safeguarding through articles in the Link;
- assisted ICT in implementing a mandatory online safeguarding course for all employees and members;
- attended quarterly meetings to date of the Devon Wide Safeguarding Group;
- submitted the annual report on safeguarding to Cabinet in August 2017.

3.1.4 Despite the amount of work already covered, the CSO recognises that there are still areas that need to be addressed, such as:

- training/awareness courses for Members still to be delivered;
- the quarterly meetings with the Safeguarding Designated Officers (SDO's) need to be minuted;
- with the involvement of the Procurement Manager, MDDC needs to ensure that safeguarding arrangements are incorporated into tender documents where appropriate (e.g. recruitment agency).

3.1.5 It is important to note, that the SDO's responsibility is to refer to the relevant partner agency and not to investigate an allegation or issue; any decision to investigate will be made by the agency e.g. Multi Agency Safeguarding Hub (MASH).

3.1.6 It is the overall opinion of the auditor that the Safeguarding arrangements process is adequately controlled.

Summary of Recommendations		
High	Medium	Low
1	3	1

3.2 Housing – Health& Safety Management Arrangements

3.2.1 The Housing Building Service employs an external contractor to carrying out the gas safety work which includes gas servicing, smoke alarm and CO2 detector testing. The work programme and contract is managed by the Gas Database Administrator (GDA) within the Housing Building Service and there are good processes and procedures in place to ensure that the contractor's service level is well monitored. The GDA manages the work programme using the contractor's portal. There is a signed data sharing

agreement between the contractor and the Council, and measures are in place to address data protection issues. However, it should be noted that no Audit testing or assurance on data sharing has been completed in this area for this audit.

3.2.2 Housing Building Services use a system called Integrator to manage electrical inspections and asbestos information. It appears that the area of legionella has had a period of inactivity (2 years) where there is no evidence to suggest testing was undertaken. This has been identified and there is an action plan in place to address this, which looks good. It is appreciated that the plan will take some time to implement and it is working to its full potential; interim work has been carried out including a categorisation by generic risk of all housing stock properties using system design and type as the criteria, and the implementation of remedial works to remove/reduce both the Critical and High risk properties is being addressed alongside the review. Legionella is currently managed by way of spreadsheets; going forward, it the intention is that all legionella information is held on Integrator to ensure that all management information for each property is held centrally.

3.2.3 The areas of legionella and asbestos are being managed; however, there are areas where improvement is required, these being:

- housing stock property has been categorised into risk areas and a programme of work has been implemented, though not yet completed, to address the critical and high risks properties.
- however, there seems to be a lack of evidence to support works/testing, and although legionella risk categorisation has been carried out by system type/design this has yet to be formally documented for each property type or recorded on Integrator. We understand general fund property risk assessments have been carried out but are now due. There seems to be a lack of evidence to support works/testing.
- asbestos inspections are required to achieve the Council aim to inspect 20% of the housing stock annually on a rolling programme; these inspections have been completed on a risk priority need, those overdue are low risk properties.
- risks on Spar.net for legionella and asbestos need to be reviewed and updated;
- legionella and asbestos performance should be reported and monitored to PDG along with the gas survey performance.

The management and responsibility of legionella and asbestos are currently being reviewed to establish where these areas best fit into the establishment. An efficient and timely review would be beneficial to help address the points mentioned above.

3.2.4 It is the overall opinion of the auditor that the Health & Safety Management Arrangements system is:

- Gas – well controlled
- Electrical - well controlled
- Legionella - housing stock - poorly controlled
- Asbestos – adequately controlled.

Summary of Recommendations		
High	Medium	Low
2	9	0

3.3 Environmental Health

3.3.1 **Food safety** is managed through the Uniform system and seems to be working well. Monthly reports are used to allocate work load and users are able to print reports from Uniform for any 'overdue' inspections which is a good control to ensure that inspections

are not missed. A new function is the Enterprise system which shows workload and the numbers of days left to action or whether it's overdue.

An annual return is submitted to the Food Standards Agency (FSA). Information is downloaded from the Uniform system and sent in a specified format. Before submission the information is checked and verified and a copy is saved. However, no reconciliation of the number of records appears to be done between the Uniform system and the report output, therefore only limited assurance can be given on completeness of the data.

In January 2015 the FSA carried out a dairy audit and made some recommendations. The Lead Officer EH Team was able to provide an update on the progress of the recommendations and it seems that a lot of work has taken place to address the points made. Currently, there is one remaining recommendation from the report that the Council still needs to address, and that is the production of a food service plan.

- 3.3.2 **Air Quality Action Plan** - for the 2 recognised 'hot spots' where pollution levels exceeded the Government air quality targets in Crediton and Cullompton and these areas were declared Air Quality Management Areas in 2006 & 2009 respectively. MDDC Environmental Health has been compliant with submitting an Annual Status Report (ASR) under Part IV of the Environment act 1995 to DEFRA, as well as updates on the progress of the action plans, and Air Quality Updating and Screening Assessments, all of which are published on the MDDC website. Despite there being no formal timetable for updates to the relevant PDG on the progress against the measures identified in the action plan, this has been done by the Environmental Health Team.

The measures identified in the Crediton AQMA, notably the building of a link road to Lords Meadow Industrial Estate have improved the air quality in Crediton and air pollution within the town has reduced significantly. Due to the complexity of air quality management, there are other factors and initiatives that can contribute to improving air quality, but these are more difficult to measure. The Council continues to work with other services and agencies to encourage people to car-share, use public transport, and to promote the use of ECO friendly vehicles which all help reduce the levels of harmful pollution. However, the overriding aim of the air quality action plan is to reduce pollution levels; monitoring and reporting these levels remains the most significant part of the formal process and MDDC manages this well.

- 3.3.3 **Private Water Supply** - It is recognised that a lot of work/development of the Uniform system has already happened; capture, input and mapping of all private water supply details across the district have been input onto the system and the results of water tests are also recorded on the Uniform system. A lot of development was required on Uniform to populate the information required for the annual return to the Drinking Water Inspectorate. This has now been achieved and made the process leaner and more automated.

The process is operated using the Uniform system where it has been developed but using a spreadsheet system for monitoring of private water supplies (including with commercial element) and invoicing information. Our review has identified that there is no reconciliation between the manual records, Uniform and eFinancials. It is not possible from our review to give assurance that all income due from inspections has been identified or billed, where neither the target income, annual budget or actual income reconcile to the manual spreadsheets used for billing. This is further compounded where the integrity of performance and completeness checks relies on spreadsheet filters or manual inspection of data.

The spreadsheets are used by 3 Team members; they input data to keep the spreadsheets up to date. It is critical that this information is as up to date as possible and accurate as the spreadsheet is also used to provide information on which water tests are due for the month, obtaining this from the report requires applying filters.

There are no reporting functions to pick up a missed test; this relies on visually inspecting the spreadsheet. Notices are currently kept in a folder so these also are checked manually for monitoring purposes.

There is a separate spreadsheet for invoice information, each invoice is manually entered onto the spreadsheet once a pro-forma has been raised and sent to Finance though not reconciled in total. The long term vision is that all information will be held on the Uniform system and performance will then be able to be monitored through the use of its report functions. This will create automation to processes and eradicate some of the manual manipulation currently employed in the use of spreadsheets.

If invoicing were to be possible (other modules do this) directly from the Uniform system into the Finance system, there would be no need for the recording of this information separately and provide a quicker reconciliation process. Processes would be leaner providing time efficiency for the service. To be at a point where this will be possible, there is a need to have a water sample result for each property; this process could take some time as they are being entered as and when they are carried out and some of them are on a 5 year cycle.

It would be prudent to analyse whether entering data retrospectively to bring the system up to date in order that it can be used at an earlier stage would be beneficial. At present, we understand there is limited capacity for the Officers to carry out this work, however, it could be that the benefits of this work outweigh the time it takes using the current system.

- 3.3.4 **Out of hours** – there is currently insufficient information recorded on out of hours calls to assess demand on the service and therefore the customer's needs for out of hours attendance. The emails received from the out of hours service need to be analysed over a sample period of time in order to quantify the number of calls and the range of calls as a percentage of the service requests received during office hours. This would provide a level of management information not currently recorded, and would help inform the service if there is a customer need for out of hours cover from Environmental Health.

- 3.3.5 It is the overall opinion of the auditor that the:

- Food Safety is **adequately** controlled
- Private water supplies is **poorly** controlled
- Air quality is **well** controlled
- Out of hours – opinion not applicable.

Summary of Recommendations		
High	Medium	Low
	11	1

3.4 Travel and Subsistence

- 3.4.1 The Travel and Subsistence system processes are now self-service (MyView) making the application and authorisation process automated. Processes are operating effectively and as expected by the organisation. There is a Policy setting guidance for users which creates good outcomes. There was some low level non-compliance found which is not considered to be significant.

- 3.4.2 Since the last audit MyView has been implemented and is a now fully embedded. It is appreciated that a lot of work went into the implementation of this system which is recognised in the good standard found in this review, this is to the credit of all staff involved.

Summary of Recommendations		
High	Medium	Low
0	1	1

3.5 Customer Complaints

- 3.5.1 The Council has a Corporate Complaints Policy in place that all employees are to use to record complaints. There is a designated system (Customer Relationship Management (CRM)) used to record complaints which has a built in reminder facility to help keep track of the complaint and encourage prompt responses within the timelines outlined in the policy. This process allows consistency across the Council and provides a central reporting system where, the Council are able to monitor and report on how well complaints are dealt with. The aim is to provide a positive outcome for the complainant and maintain a good standard of customer care for the Council.
- 3.5.2 Our review found that some services, where they very rarely receive complaints, were unaware of the corporate complaints policy and the designated system for logging complaints; that said, should they receive a complaint they would refer to a line manager to establish the correct process to use. There were 2 service areas (Leisure and Tourism) where complaints logged through the web go onto the CRM system but complaints received direct to the service are recorded separately and are therefore not included in the corporate complaints stats. Through verbal discussion services were aware of what constitutes a complaint and this concluded with the description outlined in the Policy.
- 3.5.3 On the CRM system, there is the facility to be able to attach documentation to the complaint. There were a high percentage of complaints logged, however, that don't have documentation attached to the complaint. There are some complaints that are still open on the CRM system, closure of these cases is important to ensure that the Council is able to provide customer satisfaction wherever possible, this is very low percentage. There is a report available to monitor outstanding complaints but there is no chasing of these to ensure prompt closedown. Investigations are carried out on each complaint received as part of the process of dealing with the complaint so shows that each complaint is scrutinized.
- 3.5.4 The CRM system is able to report on lessons learnt and it was evident that services do make changes as a result of a complaint. This helps to achieve customer service and to improve the service for other customers. During the financial year 2016-17 just under 10% of calls resulted in changes to procedures.
- 3.5.5 A positive sign is that we received 229 compliments during 2016/17 which is a high proportion of against complaints so this is a really good sign that although we are receiving complaints there are also a lot of compliments too.
- 3.5.6 Guidance within the Complaints Policy is that stage 2 complaints will result in a further investigation by a member of the Corporate Management Team or by the Chief Executive. Due to recent restructures, this is in now in need of review.
- 3.5.7 It is the overall opinion of the auditor that the Customer Care Complaints system is adequately controlled.

Summary of Recommendations		
High	Medium	Low
0	5	1

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.
- 4.2 High Priority deadlines may only be extended with the Audit Committee's agreement. Only 4 high priority recommendations have been made so far this year, 3 of which are not yet due.
- 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: David Curnow, Deputy Head of Partnership, x4975

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

List of Background Papers: None

Appendix 1

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			16	0	1
Car Park Income	2016				3		2				3	0	2
Cemeteries & Bereavement	2016				5	1					5	1	0
Council Tax/NNDR	2016				5		3				5	0	3
Creditors	2016					1	1				0	1	1
District Offices	2017					2	6	1			1	2	6
Electronic Payments/ Online Forms	2017			1		3					0	3	1
Emergency Planning	2015				3		1			1	3	0	2
Environmental Health	2017					15			1		0	16	0
Housing H&S Management	2017	2			6	1	2				8	1	2
Housing Rents	2016				2		1				2	0	1
ICT Core	2016	1			6			2		1	9	0	1
Income & Cash Collection	2016				4	0	1				4	0	1
Insurance	2015						1				0	0	1
Legal Services	2015				2	1	1				2	1	1
Leisure CVSC	2015				5		1				5	0	1
Leisure EVLC	2016				6		1				6	0	1
Licensing	2016	1			5	1					6	1	0
Main Accounting - Capital	2017										0	0	0
Planning - Enforcement	2017					1	5				0	1	5
Procurement - Contract register	2017				5		2				5	0	2
Recruitment & Selection & JE	2015				6	1		4		1	10	1	1
Safeguarding	2017		1			4					0	5	0
Sickness & Other Time Off	2016				5	2	1				5	2	1
Standby	2016				2		1				2	0	1
Trade Waste	2015				8	2					8	2	0
Treasury	2016							1	1		1	1	0
Vehicles & Fuel	2015	5			4	2	1				9	2	1
		10	1	1	95	37	32	10	2	3	115	40	36

CORE
SYSTEM

C = Completed 60%
N= Not yet due 21%
O= Overdue 19%

Not progressing
 Progressing some overdue
 On Target
 * report just issued

Internal Audit

Audit Progress Report 2017-18

Mid Devon District Council
Audit Committee

Page 57
November 2017

Draft

Robert Hutchins
Head of Audit Partnership

Introduction

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

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

The Internal Audit plan for 2017/18 was presented and approved by the Audit Committee in March 2017. The following report and appendices set out the background to audit service provision; a review of work undertaken in 2017/18, and provides an opinion on the overall adequacy and effectiveness of the Authority's internal control environment.

The Public Sector Internal Audit Standards require the Head of Internal Audit to provide an annual report providing an opinion that can be used by the organisation to inform its governance statement. This report provides that opinion.

Expectations of the Audit Committee from this progress report

Audit Committee members are requested to consider:

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

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

Robert Hutchins
Head of Devon Audit Partnership

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Opinion Statement

Overall, based on work performed during 2017/18 and our experience from the current year progress and previous years' audit, the Head of Internal Audit's Opinion is of "Significant Assurance" on the adequacy and effectiveness of the Authority's internal control framework.

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

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

All final audit reports include an action plan which identifies responsible officers, and target dates, to address control issues identified.

Implementation of action plans is the responsibility of management yet may be reviewed during subsequent audits or as part of a specific follow-up process.

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

Full Assurance	Risk management arrangements are properly established, effective and fully embedded, aligned to the risk appetite of the organisation. The systems and control framework mitigate exposure to risks identified & are being consistently applied in the areas reviewed.
Significant Assurance	Risk management and the system of internal control are generally sound and designed to meet the organisation's objectives. However, some weaknesses in design and / or inconsistent application of controls do not mitigate all risks identified, putting the achievement of particular objectives at risk.
Limited Assurance	Inadequate risk management arrangements and weaknesses in design, and / or inconsistent application of controls put the achievement of the organisation's objectives at risk in a number of areas reviewed.
No Assurance	Risks are not mitigated and weaknesses in control, and /or consistent non-compliance with controls could result / has resulted in failure to achieve the organisation's objectives in the areas reviewed, to the extent that the resources of the Council may be at risk, and the ability to deliver the services may be adversely affected.

Executive Summary of Audit Results

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.

The Core audits are primarily scheduled to start in the autumn where payroll and income collection audits have already commenced.

No material issues have been identified to date.

Systems Audits have formed the majority of the work in the first half year and have been summarised in the progress reports to date. Opinions for the current period are included in appendix 2 to this report.

Findings of particular interest include Housing Health and Safety and Environmental Health. These include notable risks to the Council and whilst material loss or impact to health has not been found, the management controls for maintenance, monitoring and performance management of risk areas requires improvement.

Reviews in other areas including:

- safeguarding and
- customer care,

provide assurance of an sound internal control framework that is generally operating as required.

Other Work - the reporting on performance and risk using the Spar system is now provided by the Group Manager Performance, Risk & Data Security though support has been provided in the earlier part of the year for this to PDGs and Committees.

Tender documents have been verified as usual.

Value Added

We know that it is important that the internal audit service seeks to "add value" whenever it can and we believe internal audit activity has added value to the organisation and its stakeholders by:

- Providing objective and relevant assurance;
- Contributing to the effectiveness and efficiency of the governance, risk management and internal control processes.

Feedback has led us to change the clearance process of audit findings with the introduction of a debrief at the close of audit. This will bring the feedback to an earlier stage and smooth the clearance process of the draft report.

Recent audit feedback surveys have stated:-

"I feel very much that the 'support approach' rather than the looking for fault and chastised, works so much better, and so allows the services to work together for the common goal."

"I always find Audit useful, an extra pair of unbiased eyes to critically review service delivery. As usual the team were very helpful and willing to discuss options especially when making recommendations or stating required actions. Audit is always welcome."

Our review of the planning enforcement process has supported the direction of travel on the new improvement plan. We trust that officers have found our engagement, support as a "trusted advisor" effective and constructive in these significantly changing times.

Audit Coverage and Performance Against Plan

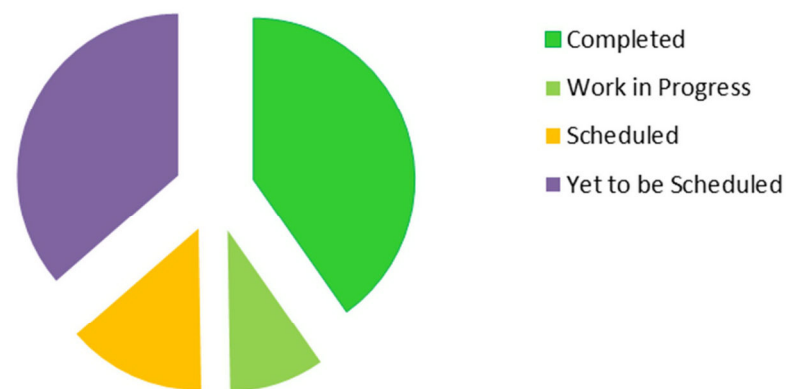
Performance against plan is generally as expected. Changes have been agreed with management;

- Housing Options deferred to last quarter;
- Street Cleaning replaced by a Leisure Centre financial procedures;
- Grounds Maintenance replaced with PCI
- Support for investigations.

Resources have been targeted to support the changes in a continually evolving organisation. Further explanation is provided in the sections on Basis for Opinion, see appendix 1.

The pie charts right shows the progress of audit against plan. The work completed is primarily systems work where the majority of the core work is scheduled for the second half of the year and has recently commenced.

Progress of Audit Plan 2017-18



Our planned audit of Housing Options – Homelessness has been deferred until the Autumn at the client request to fit better with proposed changes with legislation. We brought forwards planned work on travel and subsistence and will look to redress the balance of work early in October.

Appendix 1 to this report provides a summary of the audits undertaken during 2017/18, along with our assurance opinion. Where a "well controlled" or "adequately controlled" standard of audit opinion has been provided we can confirm that, overall, sound controls are in place to mitigate exposure to risks identified; where an opinion of "poorly controlled" has been provided then issues were identified during the audit process that required attention. We have provided a summary of some of the key issues reported that are being addressed by management. It should be pointed out that we are content that management are appropriately addressing these issues.

Key performance indicators on progress against audit recommendations reveals that the council is making progress though there remain several recommendations outstanding from prior year audits. See appendix 3.

Fraud Prevention and Detection

We are currently in the process of two reviews:

- Leisure centre income security;
- Vehicle accident complaint.

Reports and action will be taken through Human Resources as appropriate.

Appendix 1 – Summary of audit reports and findings for 2017/18



Risk Assessment Key

Spar – Local Authority Risk Register score Impact x Likelihood = Total & Level
 ANA - Audit Needs Assessment risk level as agreed with Client Senior Management
 Client Request – additional audit at request of Client Senior Management; no risk assessment information available

Direction of Travel Assurance Key

Green – action plan agreed with client for delivery over an appropriate timescale;
 Amber – agreement of action plan delayed or we are aware progress is hindered;
 Red – action plan not agreed or we are aware progress on key risks is not being made.
 * report recently issued, assurance progress is of managers feedback at debrief meeting.

TRANSFORMATION AND CHANGE

Risk Area / Audit Entity	Audit Report					
	Assurance opinion	Executive Summary / Residual Risk	Summary of Recommendations High / Med / Low			Direction of Travel Assurance
Systems Audits – Risk Based						
Housing Health & Safety Risk / ANA: ANA – High Spar 5x1=5very low/green Spar 5x1=5very low/green Spar 5x5=25 very high/red	Well controlled Adequately controlled Poorly controlled Status: Final	The review covered the procedures and controls for management of inspection, monitoring and management of housing stock maintenance in relation to four key areas. It is our overall opinion of the auditor that the health & safety management arrangements system is adequately controlled. Gas and electrical management of testing, monitoring and maintenance is well controlled. Asbestos inspections are completed in a risk prioritised basis, inspections overdue are low risk property. Legionella management systems do not provide sufficient evidence to support works/testing, and although legionella risk categorisation has been carried out by system type/design this has yet to be formally documented for each property type. Information systems are in part manual and plans to incorporate information on the database (Integrator have yet to be completed). Risk Management for each area required review and update.	2	10	0	
Environmental Health Risk / ANA: ANA –Medium Spar 4x1=4very low/green Spar 4x1=4very low/green	Adequately controlled Poorly controlled	The review covered the procedures for inspection and monitoring of both business and private sites for food safety and water supply and that of air quality action. Food Safety inspection procedures and management control is clear and understood with appropriate controls and statutory returns completed as required. Improvement opportunities exist on management information systems. Private Water Supply sampling is completed for customers as required, however, although improving, the management systems for information, monitoring and control are recognised to require further improvement where they are currently on several manual systems with associated integrity, reconciliation and performance management risks.	0	11	1	

TRANSFORMATION AND CHANGE

Risk Area / Audit Entity	Audit Report				
	Assurance opinion	Executive Summary / Residual Risk	Summary of Recommendations High / Med / Low		
Spar 5x1=5 low/green	Well Controlled Status: Final	Air Quality – processes for air quality monitoring, delivery of action plans and completion of associated statutory returns are working effectively. Risk Management for each area required review and update.			
Safeguarding Risk / ANA: ANA – High Spar 4x4=16 high/red	Adequately controlled Status: Final	The review covered procedures and controls in place to help meet safeguarding requirements in the areas of governance, policy & procedure, training, reporting and monitoring. The areas of achievement regarding safeguarding awareness and training for employees were recognised during the audit and it was our overall opinion that this area was adequately controlled. The areas of work that still need to be addressed include training/awareness for Members, formal minutes to be taken of the Safeguarding Designated Officers quarterly meetings and updating tender documents where appropriate to include safeguarding arrangements; all of these areas will be addressed by the end of March 2018.	1	3	1
Leisure Services – Lords Meadow Risk / ANA: ANA – Low	Adequately controlled Status: Final	The review covered procedures and controls for the management of financial processes, training and time recording, establishing if reporting lines were clear within each area of responsibility and assessment of the centre's progress against performance and improvement plans including its contribution to achieving the overall targets of the Leisure Service. Financial processes -Issues identified at the previous audit in 2014 in respect of the banking process and petty cash procedures had been addressed, and only minor issues were identified during testing of financial procedures. However, a reporting issue relating to financial information produced by the Leisure centres software identified in previous audits has not yet been addressed. Training - The overall responsibility for training for the 3 Leisure sites is now managed by the Leisure Manager for Operation, Health & Safety and this is working effectively. Time recording - The rota system is still a manual task, done on a 3 week cycle. Extra hours and enhanced/upgraded duties are recorded manually and analysed by the Duty Officer before submitting to payroll. This is managed effectively. Financial Analysis - An analysis was of the enhancement and refurbishment project carried out at LMLC since the previous audit showed that the assumptions made for income generation within the business case had been achieved though profitability requires review.	0	7	0

The following audits are either in progress or to be started imminently.

Insurance and Elections & Electoral Registration, Payroll, Income collection, ICT Inventory

Appendix 2 - Basis for Opinion

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

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

- Page 64
- a statement on the effectiveness of the system of internal control in meeting the Council's objectives;
 - a comparison of internal audit activity during the year with that planned;
 - a summary of the results of audit activity and;
 - a summary of significant fraud and irregularity investigations carried out during the year and anti-fraud arrangements.

In its' drive to deliver quality services within an environment of reducing budgets, increasing costs and changing demand, the Council continues to develop new and innovative models of service delivery. As a result the 2017/18 Audit Service and Plan has been subject to some change, with audit resources being engaged through Devon Audit Partnership.

As a result, though the audit plan has not changed the service delivery model is evolving in its approach and methodology in line with the councils wishes.

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

all audits completed during 2017/18, including those audits carried forward from 2016/17;

any follow up action taken in respect of audits from previous periods;

any significant recommendations not accepted by management and the consequent risks;

the quality of internal audit's performance;

the proportion of the Council's audit need that has been covered to date;

the extent to which resource constraints may limit this ability to meet the full audit needs of the Council;

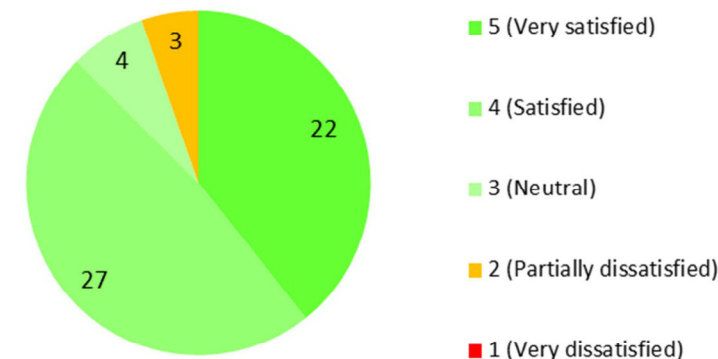
any limitations that may have been placed on the scope of internal audit.

Appendix 3 – Performance Indicators

Incomplete Audits	Year	Recommendations												Direction of Travel R,A,G	
		High			Medium			Low			Total				
		C	N	O	C	N	O	C	N	O	C	N	O		
Appraisals & Training	2015	1			13		1	2			16	0	1	On Target	*
Car Park Income	2016				3		2				3	0	2	On Target	
Cemeteries & Bereavement	2016				5	1					5	1	0	On Target	
Council Tax/NNDR	2016				5		3				5	0	3	On Target	
Creditors	2016					1	1				0	1	1	Not progressing	
District Offices	2017					2	6	1			1	2	6	Not progressing	
Electronic Payments/ Online Forms	2017			1		3					0	3	1	Not progressing	
Emergency Planning	2015				3		1			1	3	0	2	On Target	
Environmental Health	2017					15				1	0	16	0	On Target	
Housing H&S Management	2017	2			6	1	2				8	1	2	On Target	
Housing Rents	2016				2		1				2	0	1	On Target	
ICT Core	2016	1			6			2		1	9	0	1	On Target	
Income & Cash Collection	2016				4	0	1				4	0	1	On Target	
Insurance	2015						1				0	0	1	Not progressing	
Legal Services	2015				2	1	1				2	1	1	Not progressing	
Leisure CVSC	2015				5		1				5	0	1	On Target	
Leisure EVLC	2016				6		1				6	0	1	On Target	
Licensing	2016	1			5	1					6	1	0	On Target	
Main Accounting - Capital	2017										0	0	0	On Target	
Planning - Enforcement	2017					1	5				0	1	5	On Target	
Procurement - Contract register	2017				5		2				5	0	2	On Target	
Recruitment & Selection & JE	2015				6	1		4		1	10	1	1	On Target	
Safeguarding	2017			1		4					0	5	0	On Target	
Sickness & Other Time Off	2016				5	2	1				5	2	1	Not progressing	
Standby	2016				2		1				2	0	1	Not progressing	
Trade Waste	2015				8	2					8	2	0	On Target	
Treasury	2016							1		1	1	1	0	On Target	
Vehicles & Fuel	2015	5			4	2	1				9	2	1	On Target	
		10	1	1	95	37	32	10	2	3	115	40	36		

Customer Satisfaction

Customer Satisfaction Survey Returns:- 7



The results are good with 95% positive feedback to survey questions. The two audits where there was some constructive feedback related in one instance to the timing of the audit and the other audit with two comments on report findings and clarity. In this latter instance the service stated "report amendment was needed to better reflect the actual risk and to recognise improvements already made/direction of travel in place. All changes were agreed with the exception of the overall audit opinion of risk in respect of private water supplies. There was nonetheless adequate opportunity to discuss the findings"

CORE

SYSTEM

C = Completed

N = Not yet due

O = Overdue

60%

21%

19%

Not progressing

Progressing some

overdue

On Target

* report just issued

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Devon Audit Partnership

The Devon Audit Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay, Devon & Torridge councils. We aim to be recognised as a high quality internal audit service in the public sector. We work with our partners by providing a professional internal audit service that will assist them in meeting their challenges, managing their risks and achieving their goals. In carrying out our work we are required to comply with the Public Sector Internal Audit Standards along with other best practice and professional standards.

The Partnership is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on our service, processes or standards, the Head of Partnership would be pleased to receive them at robert.hutchins@devonaudit.gov.uk.

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

21 November 2017

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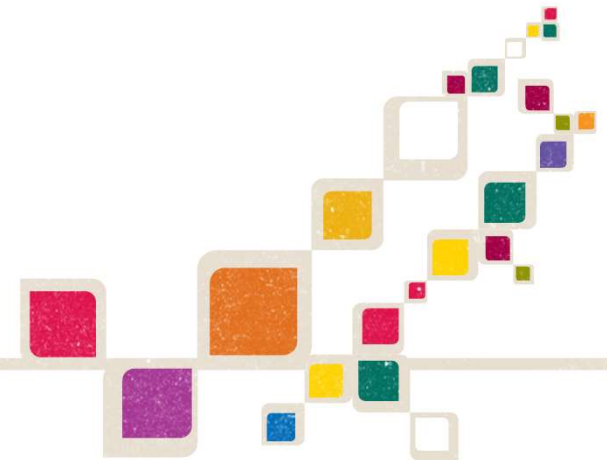
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Executive

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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.



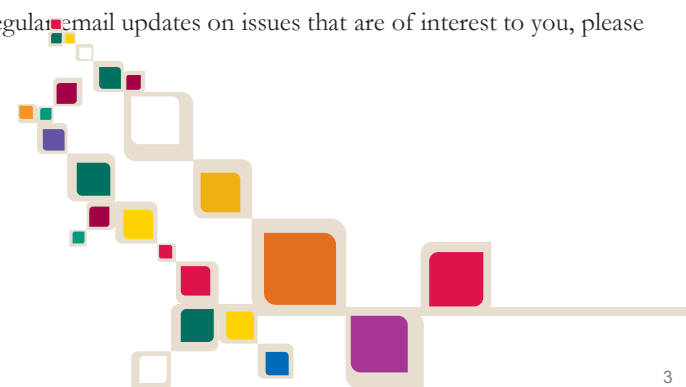
Introduction

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

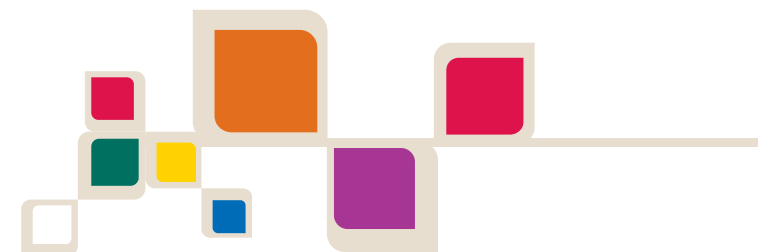
Members of the Audit Committee can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications and articles, including the reports mentioned in this update along with other items:

- Income generation is an increasingly essential part of providing sustainable local services ; <http://www.grantthornton.co.uk/en/insights/the-income-generation-report-local-leaders-are-ready-to-be-more-commercial/>
- Social enterprises are becoming increasingly common vehicles for delivering services that are not an 'essential' service for an authority but still important to the local community; <http://www.grantthornton.co.uk/en/insights/a-guide-to-setting-up-a-social-enterprise/>
- Fraud risk, 'adequate procedures', and local authorities; <http://www.grantthornton.co.uk/en/insights/fraud-risk-adequate-procedures-and-local-authorities/>
- Brexit and local government; <http://www.grantthornton.co.uk/en/insights/a-global-britain-needs-more-local-government-not-less/> and <http://www.grantthornton.co.uk/en/insights/brexit-local-government--transitioning-successfully/>
- Combined Authorities: signs of success; <http://www.grantthornton.co.uk/en/insights/combined-authorities-signs-of-success/>
- The Board: creating and protecting value; <http://www.grantthornton.co.uk/globalassets/1.-member-firms/united-kingdom/pdf/publication/board-effectiveness-report-2017.pdf>

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.



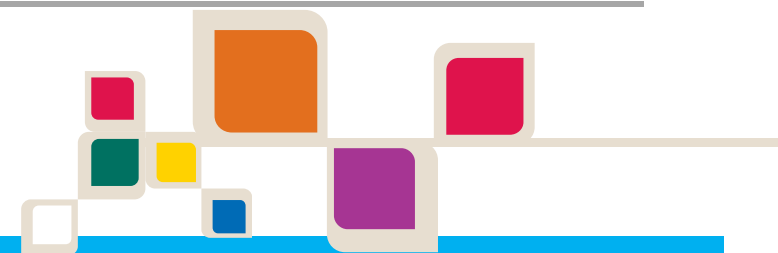
Progress at 10 November 2017



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2017/18	Planned Date	Complete?	Comments
Fee Letter We are required to issue a 'Planned fee letter for 2017/18 by the end of April 2017. This is the final audit year under the current contract. PSAA has awarded contracts to audit suppliers and is currently consulting on local appointments. We are pleased that we will continue as your audit supplier from 2018/19.	April 2017	Yes	The 2017/18 fee letter was issued on 19 April 2017 and considered by the 30 May 2017 committee.
Accounts Audit Plan We will issue a detailed accounts audit plan to the Council setting out our proposed approach to the audit of the Council's 2017/18 financial statements. This will be issued upon completion of our audit planning. The statutory deadline for the issued of the 2017/18 opinion is brought forward by two months to 31 July 2018. As in the last two years, we have agreed with your officers the plan and timetable that will enable the audit to be completed in June 2018.	December// January 2018	N/A	The Audit plan will be presented at the 23 January 2018 Audit Committee.
Interim accounts audit Our interim fieldwork visit plan will reflect the need to complete as much as possible earlier in the audit cycle. Our work will include: <ul style="list-style-type: none"> • review of the Council's control environment • Updating our understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing • Value for Money conclusion risk assessment. 	Jan – Feb 2018	N/A	Our interim audit is planned to be completed in February 2018. We will complete the required planning and preparation, together with such early testing we deem efficient. The work will include early discussions over the significant risks identified for the audit.

Progress at 10 November 2017



2017/18	Planned Date	Complete?	Comments
Final accounts audit <ul style="list-style-type: none"> proposed opinion on the Council's accounts proposed Value for Money conclusion review of the Council's disclosures in the consolidated accounts against the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 Audit Committee is scheduled for 16 July 2017 	To commence late May 2017	N/A	<p>Not yet started.</p> <p>The council's special Audit Committee is planned for Mid June 2018. In order that we can sign the audit opinion at the earliest opportunity, the period for Public Inspection will need to commence 30 working days ahead of signing. MDDC will need to put on their website by midnight on the day before the period commences..</p>
Value for Money (VfM) conclusion <p>The scope of our work is unchanged to last year 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"> Informed decision making Sustainable resource deployment Working with partners and other third parties 	January to June 2018	Yes	<p>Our Audit Findings report including our conclusion on the Council's Value for Money arrangements will be given alongside the audit opinion.</p>
Grant claims and certification. <p>We anticipate that we will be required to certify the Council's 17/18 Housing benefit and council tax subsidy claim towards the latter part of 2018.</p>	June 2018 to November 2018.	N/A	<p>The work on the 2017/18 claim will be completed by 30 November 2018.</p>
Other areas of work <p>Audit of:</p> <ul style="list-style-type: none"> Pooling of Housing capital receipts claim Housing & Communities agency claim <p>Meetings with Members, Officers and others</p>	<p>September 2018?</p> <p>Ongoing</p>	<p>N/A</p> <p>N/A</p>	<p>Not yet started</p> <p>Regular meetings arranged with Officers.</p>

Technical Matters

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Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 and forthcoming provisions for IFRS 9 and IFRS 15

Technical Matters

Questions:

- Is your Director of Finance, Assets & Resources aware of the changes to the Code of Practice in 2017/18 and the forthcoming changes to lease accounting and revenue recognition?

Code of Practice on Local Authority Accounting in the United Kingdom 2017/18

CIPFA/LASAAC has issued the Local Authority Accounting Code for 2017/18. The main changes to the Code include:

- amendments to section 2.2 (Business Improvement District Schemes (England, Wales and Scotland), Business Rate Supplements (England), and Community Infrastructure Levy (England and Wales)) for the Community Infrastructure Levy to clarify the treatment of revenue costs and any charges received before the commencement date
- amendment to section 3.1 (Narrative Reporting) to introduce key reporting principles for the Narrative Report
- updates to section 3.4 (Presentation of Financial Statements) to clarify the reporting requirements for accounting policies and going concern reporting
- changes to section 3.5 (Housing Revenue Account) to reflect the Housing Revenue Account (Accounting Practices) Directions 2016 disclosure requirements for English authorities
- following the amendments in the Update to the 2016/17 Code, changes to sections 4.2 (Lease and Lease Type Arrangements), 4.3 (Service Concession Arrangements: Local Authority as Grantor), 7.4 (Financial Instruments – Disclosure and Presentation Requirements)

- amendments to section 6.5 (Accounting and Reporting by Pension Funds) to require a new disclosure of investment management transaction costs and clarification on the approach to investment concentration disclosure.

Forthcoming provisions for IFRS 9 and IFRS 15

CIPFA/LASAAC has issued 'Forthcoming provisions for IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers in the Code of Practice on Local Authority Accounting in the United Kingdom 2018'. It sets out the changes to the 2018/19 Code in respect of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. It has been issued in advance of the 2018/19 Code to provide local authorities with time to prepare for the changes required under these new standards.

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes a single classification approach for financial assets, a forward looking 'expected loss' model for impairment (rather than the 'incurred loss' model under IAS 39) and some fundamental changes to requirements around hedge accounting.

IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts. IFRS 15 changes the basis for deciding whether revenue is recognised at a point in time or over a period of time and introduces five steps for revenue recognition.

It should be noted that the publication does not have the authority of the Code and early adoption of the two standards is not permitted by the 2017/18 Code.

Sector issues

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Independent Review of Building Regulations and Fire Safety

Sector Issues

The Government has published the terms of reference for the independent Review of Building Regulations and Fire Safety, commissioned following the Grenfell Tower fire tragedy.

The DCLG press release states:

“This Review will urgently assess the effectiveness of current building and fire safety regulations and related compliance and enforcement issues, with a focus on multi occupancy high rise residential buildings. This will include addressing whether the government’s large-scale cladding system testing programme identified any potential systemic failures.

The Review’s 2 key priorities are to develop a more robust regulatory system for the future and provide further assurance to residents that the buildings they live in are safe and remain safe. While the Review will cover the regulatory system for all buildings, it will have a specific focus on multi occupancy high rise residential buildings.

Dame Judith Hackitt, a qualified engineer with strong regulatory background, is leading the Review and will draw on the experience of local government, industry, the fire sector, international experts and MPs. She will also engage with residents of multi occupancy residential buildings.

The Review will report jointly to Communities Secretary Sajid Javid and Home Secretary Amber Rudd. An interim report will be submitted in autumn 2017 and a final report submitted in spring 2018. The Review will co-operate fully with the Public Inquiry, and Dame Judith Hackitt will review her recommendations in the light of the findings of the Inquiry.”

The terms of reference state that the review will:

- map the current regulatory system (i.e. the regulations, guidance and processes) as it applies to new and existing buildings through planning, design, construction, maintenance, refurbishment and change management;
- consider the competencies, duties and balance of responsibilities of key individuals within the system in ensuring that fire safety standards are adhered to;
- assess the theoretical coherence of the current regulatory system and how it operates in practice
- compare this with other international regulatory systems for buildings and regulatory systems in other sectors with similar safety risks;
- make recommendations that ensure the regulatory system is fit for purpose with a particular focus on multi-occupancy high-rise residential buildings.

The full terms of reference are available at:

<https://www.gov.uk/government/publications/independent-review-of-building-regulations-and-fire-safety-terms-of-reference>

Procurement of external audit services

Public Sector
Audit Appointments

Sector Issues

Procurement outcome

As a result of the highly successful procurement of auditor services, opted-in Local government and police bodies throughout England will collectively benefit from reduced fees for audit services in 2018/19 compared to 2016/17. Aggregate savings are expected to exceed £6 million per annum, equivalent to a reduction of approximately 18% in the scale fees payable by local bodies.

The results of the process announced on 20 June 2017 involve the award of the following contracts:

- Lot 1 of approx. £14.6 million per audit year was awarded to Grant Thornton LLP;
- Lot 2 of approx. £10.9 million per audit year was awarded to EY LLP;
- Lot 3 of approx. £6.6 million per audit year to awarded to Mazars LLP;
- Lot 4 of approx. £2.2 million per audit year to awarded to BDO LLP;
- Lot 5 of approx. £2.2 million per audit year to awarded to Deloitte LLP; and
- Lot 6 with no guaranteed value of work to awarded to a consortium of Moore Stephens LLP and Scott-Moncrieff LLP.

Contracts were awarded on the basis of most economically advantageous tender with 50% of the available score awarded to price and 50% awarded to quality.

The procurement strategy, agreed by the PSAA Board in December 2016, sets out the basis on which the procurement of audit services was carried out.

Having concluded the procurement, PSAA will commence the process of appointing auditors to opted-in bodies. For more information on the auditor appointment process [click here](#).

Finalising and confirming appointments

The PSAA Board will approve all proposed appointments from 2018/19, following consultation with audited bodies, at its meeting in mid-December. The Board's decision on the appointment of auditors is final. Following Board consideration, we will write to each audited body to confirm their appointment. We plan to send all confirmations on 18 December..



Housing Benefit (Subsidy) Assurance Process 2018/19: Module 1 Special Purpose Framework Instruction:

This Circular sets out the arrangements for the audit of the housing benefits subsidy for 2018/19. It is for the LA to appoint a reporting accountant to undertake this work and notify the DWP of this. A standard letter of notification for the LA use is set out in Appendix 1. This letter of notification must be issued to the DWP by the LA no later than the 1st March 2018.

Local Authority 2016/17 Revenue Expenditure and Financing

Sector Issues

DCLG has produced a summary of Local Authorities' 2016/17 provisional revenue spending and financing. It notes that Local government expenditure accounts for almost a quarter of all government spending and the majority of this is through local authority revenue expenditure. The summary is compiled from the Revenue Outturn (RO) returns submitted by all local authorities in England. Coverage is not limited to local councils in England and includes other authority types such as Police and Crime Commissioners and Fire authorities.

The headline messages include:

- Local authority revenue expenditure totalled £93.5 billion for all local authorities in England in 2016-17. This was 1.1% lower than £94.5 billion spent over 2015-16.
- Expenditure on Adult Social Care increased to £14.9 billion in 2016-17. This was £0.5 billion (3.6%) higher than in 2015-16. 2016-17 was first year local authorities were able to raise additional funding for Adult Social Care through the council tax precept.
- The largest decrease in local authority expenditure was on Education services. This was £0.8 billion (2.4%) lower in 2016-17 than in 2015-16. The majority of this decrease is due to local authority funded schools converting to academies.
- Local authorities are financing more of their expenditure from locally retained income. 40.4% of revenue expenditure was funded through council tax and retained business rates and 57.5% from central Government grants. The remaining 2.1% was funded by reserves and collection fund surpluses. These percentages were 38.7%, 60.4% and 0.9% respectively in 2015-16.
- Local authorities used £1.5 billion (6.2%) of the £24.6 billion reserves balance held at the start of the 2016-17.
- Local authorities' use of reserves was £1.1 billion higher in 2016-17 than in 2015-16. Due to changes in their capital programme, £0.5 billion of this increase is due to the Greater London Authority.

The full report is available at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/639755/Revenue_Expenditure_and_Financing_2016-17_Provisional_Outturn.pdf

Did you know....

This data set and many others are included in CFO Insights.

CFO Insights is the Grant Thornton and CIPFA online analysis tool. It gives those aspiring to improve the financial position of their organisation instant access to insight on the financial performance, socio-economic context and service outcomes of theirs and every other council in England, Scotland and Wales.

More information is available at:

<http://www.cfoinsights.co.uk/>

Grant Thornton publications

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Setting up a successful social enterprise

Local government continues to innovate as it reacts to ongoing austerity. An important strand of this response has been the development of alternative delivery models, including local authority trading companies, joint ventures and social enterprises.

This report focuses on social enterprises in local government; those organisations that trade with a social purpose or carry out activities for community benefit rather than private advantage. Social enterprises come in a variety of shapes and sizes as they do not have a single legal structure or ownership rule and can adopt any corporate form as long as it has a social purpose.

In this report we explore what social enterprises look like, the requirements for setting one up, how they should be managed to achieve success and how they can be ended.

We have complemented this with a range of case studies providing inspiring ideas from those that have been successful and some lessons learned to take into consideration.

Key findings from the report:

- Austerity continues to be a key driver for change: social enterprises are a clear choice where there is an opportunity to enhance the culture of community involvement by transferring these services into a standalone entity at its centre
- The social enterprise model tends to lend itself more to community services such as libraries, heritage management and leisure, but not exclusively so
- Social enterprises can open up new routes of funding including the ability to be flexible on pricing and access to pro bono or subsidised advice
- Some local authorities have converted existing models into social enterprises; for example where a greater focus on social outcomes has been identified

Striking a balance between financial and social returns

If you are a local authority looking to transition a public service to a social enterprise model certain factors will be key to your success including: leadership, continuing the culture, branding, staff reward and secure income stream.

Download our guide to explore how to handle these factors to ensure success, the requirements for setting up a social enterprise; and how social enterprise can be ended. The guide also showcases a number of compelling case studies from local authorities around England, featuring inspiring ideas from those social enterprises that have been a success; and lessons learned from those that have encountered challenges.

Grant Thornton publications

Questions:

- Is your Council exploring options for delivery of services?
- Have you read our report?
- Have you downloaded our guide?



<http://www.grantthornton.co.uk/en/insights/a-guide-to-setting-up-a-social-enterprise/>

A Manifesto for a Vibrant Economy

Developing infrastructure to enable local growth

Cities and shire areas need the powers and frameworks to collaborate on strategic issues and be able to raise finance to invest in infrastructure priorities. Devolution needs to continue in England across all places, with governance models not being a “one-size-fits all”. Priorities include broadband, airport capacity in the North and east-west transport links.

Addressing the housing shortage, particularly in London and the Southeast, is a vital part of this. There simply is not enough available land on which to build, and green belt legislation, though designed to allow people living in cities space to breath, has become restrictive and is in need of modernisation. Without further provision to free up more land to build on, the young people that we need to protect the future of our economy will not be able to afford housing, and council spending on housing the homeless will continue to rise.

Business rates are also ripe for review – a property-based tax is no longer an accurate basis for taxing the activity and value of local business, in particular as this source of funding becomes increasingly important to the provision of local authority services with the phasing out of the Government’s block grant.

Demographic and funding pressures mean that the NHS no longer remains sustainable, and the integration of health and social care – recognised as critical by all key decision makers – remains more aspiration than reality. .

There is an opportunity for communities to take a more holistic approach to health, for example creating healthier spaces and workplaces and tackling air quality, and to use technology to provide more accessible, cheaper diagnosis and treatment for many routine issues

Finding a better way to measure the vibrancy of places

When applied to a place we can see that traditional indicators of prosperity such as GVA, do not tell the full story. To address this we have developed a [Vibrant Economy Index](#) to measure the current and future vibrancy of places. The Index uses the geography of local authority areas and identifies six broad objectives for society: prosperity, dynamism and opportunity, inclusion and equality, health wellbeing and happiness, resilience and sustainability, and community trust and belonging.

The city of Manchester, for example, is associated with dynamic economic success. While our Index confirms this, it also identifies that the Greater Manchester area overall has exceptionally poor health outcomes, generations of low education attainment and deep-rooted joblessness. These factors threaten future prosperity, as success depends on people’s productive participation in the wider local economy, rather than in concentrated pockets.

Every place has its own challenges and opportunities. Understanding what these are, and the dynamic between them, will help unlock everybody’s ability to thrive. Over the coming months we will continue to develop the Vibrant Economy Index through discussions with businesses, citizens and government at a national and local level.

Guy Clifton – Head of Local Government Advisory

Grant Thornton publications

Question:

- Have you read our manifesto?

Grant Thornton
An activist for growth

VIBRANT
ECONOMY

CREATING A MANIFESTO
FOR A VIBRANT ECONOMY
Draft recommendations
April 2017



<http://www.grantthornton.co.uk/globalassets/1.-member-firms/united-kingdom/pdf/documents/creating-manifesto-vibrant-economy-draft-recommendations.pdf>

The Board: creating and protecting value

Grant Thornton publications

In all sectors, boards are increasingly coming under pressure from both the market and regulators to improve their effectiveness and accountability. This makes business sense given a strong governance culture in the boardroom produces better results, promotes good behaviour within the organisation and drives an organisation's purpose.

Grant Thornton's new report 'The Board: creating and protecting value' is a cross- sector review of board effectiveness, based on a survey of executives and non-executives from a range of organisations including charities, housing associations, universities, local government, private companies and publically listed companies.

It considers the challenges faced by boards, ways in which they can operate more effectively; and how to strike the right balance between value protection and value creation.

This report uses the DLMA analysis which categorises skills into four areas: Directorship, Leadership, Management and Assurance. This powerful tool provides a framework (see graph 1) with which to evaluate how well an organisation is performing in balance of skills and understanding of roles; and responsibilities between the executive and Board. It helps align risk (value protection) and opportunity (value creation) with overarching strategy and purpose.

Value creation	
Directorship How well do the non-executives: <ul style="list-style-type: none"> design, debate and decide the organisation's future? inspire and guide the executive to realise the organisation's purpose? provide support to the executives? 	Leadership How well do the executives: <ul style="list-style-type: none"> Make decisions aligned with realising the organisation's purpose? Inspire and motivate employees to realise the organisation's purpose? model the values of the organisation?
Assurance How well do the non-executives: <ul style="list-style-type: none"> monitor financial, compliance and business indicators? ensure appropriate processes are in place to manage risk? have oversight of the executive team? 	Management How well do the executives: <ul style="list-style-type: none"> set goals, creating plans and allocating resources to achieve them? effectively assign roles and responsibilities? Focus on day-to-day tasks and resources needed to deliver strategic aims?
Value protection	

Source: The Board: Creating and protecting value, 2017, Grant Thornton

Question:

- Have you read our report?



<http://www.grantthornton.co.uk/globalassets/1.-member-firms/united-kingdom/pdf/publication/board-effectiveness-report-2017.pdf>

Combined Authorities: signs of success

Grant Thornton market insight

In her foreword to 'Building our Industrial Strategy' the Prime Minister states that the initiative “will help to deliver a stronger economy and a fairer society – where wealth and opportunity are spread across every community in our United Kingdom, not just the most prosperous places in London and the South East.” Combined Authorities (CAs) – the newest model for the governance of local public services – are central to this.

In response to this, Grant Thornton and Bond Dickinson have jointly commissioned a report which provides an insight into the establishment of each combined authority in the context of their specific challenges. It is still early days for most combined authorities – the political and administrative difficulties of adopting this model are not to be under-estimated - but early signs are emerging of their potential to innovate and drive success.

The report benchmarks combined authorities using key indicators of growth, housing, transport and skills amongst others. We have also used our Vibrant Economy Index, which goes beyond financial returns and takes into account the wellbeing of society, to compare city regions. We believe that these benchmarks can serve as a baseline for assessment of progress over time. Key findings from the report:

- CAs must begin to reduce the institutional blurring with historic local government structures that has occurred with their formation. As greater clarity emerges over their roles, functions, and profiles of individual mayors, ; their perceived legitimacy will increase.
- CAs stand and fall on their ability to add value through targeted investment, strategic co-ordination, joined-up policy and the leveraging in of additional resources (particularly additional private sector funds).
- There is no single checklist or set of criteria for measuring the success of mayors and combined authorities, each city region must articulate its own challenges and show progress in tackling them.
- A balanced set of benchmarks encompassing both economic and social success will, however, serve as a useful stimulus for the debate around the impact of the combined authority model over time.



Bond Dickinson

Combined Authorities: signs of success

2017



International Consortium on Governmental Financial Management

Introduction

Grant Thornton and the International Consortium on Governmental Financial Management (ICGFM) partner every other year to perform an international survey of Public Financial Leaders.

Page 83 In 2015 the theme was innovation in public financial management. This year's survey has been designed to identify and describe emerging issues around transparency and citizen engagement – building on the themes highlighted in the 2015 report.

The insights will be published in a report later in 2017 and we would be delighted if you were able to spend some time completing the brief on-line questionnaire which can be found [here](#). Your Audit Manager will be able to provide you with a link to the survey if required.

Please note that the ICGFM and Grant Thornton will not identify, or attribute thoughts and quotations to, individual survey respondents in the final 2017 report. This preserves your anonymity, so please respond freely, honestly and openly.



We have again partnered with the ICGFM to survey Financial Leaders

Question:

- Have you completed the ICGFM survey on transparency and citizen engagement?



Innovation in public financial management
in an increasingly complex and uncertain global environment

Global financial management leaders survey 2015





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