

# Public Document Pack

**Mid Devon District Council**

## **Audit Committee**

**Tuesday, 18 September 2018 at 5.30 pm**  
**Exe Room, Phoenix House, Tiverton**

**Next ordinary meeting**  
**Tuesday, 20 November 2018 at 5.30 pm**

Those attending are advised that this meeting will be recorded

## **Membership**

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

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

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

1. **Apologies**  
To receive any apologies for absence.
2. **Declaration of Interests under the Code of Conduct**  
Councillors are reminded of the requirement to declare any interest, including the type of interest, and reason for that interest, either at this stage of the meeting or as soon as they become aware of that interest.
3. **Public Question Time**  
To receive any questions relating to items on the Agenda from members of the public and replies thereto.
4. **Minutes of the previous meeting (Pages 5 - 10)**  
Members to consider whether to approve the minutes as a correct record of the meeting held on 16 July 2018.
5. **Chairman's Announcements**  
To receive any announcements that the Chairman may wish to make.

6. **Performance and Risk for 2018-19** (*Pages 11 - 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.
7. **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 2017/18 Action Plan.
8. **Internal Audit Progress Report 2018-19** (*Pages 49 - 56*)  
To receive a report from the Head of the Devon Audit Partnership monitoring the progress and performance of Internal Audit.
9. **Effectiveness of the Audit Committee - Self-Assessment** (*Pages 57 - 62*)  
To receive a report from the Deputy Head of the Devon Audit Partnership considering the Chartered Institute of Public Finance and Accountancy (CIPFA) self-assessment checklist for Audit Committees.
10. **Audit Progress Report and Sector Update from Grant Thornton** (*Pages 63 - 74*)  
To receive a report from Grant Thornton providing the Committee with a progress update on delivering their responsibilities as the Council's external auditors.
11. **Annual Audit Letter from Grant Thornton** (*Pages 75 - 88*)  
To receive the Annual Audit Letter from Grant Thornton summarising the key findings arising from the work they have carried out at Mid Devon District Council and its subsidiary for the year ended 31 March 2018.
12. **Identification of items for the next meeting**  
Members are asked to note that the following items are already identified in the work programme for the next meeting:
  - Performance and Risk
  - Annual Governance Statement Action Plan update
  - Anti-Fraud and Corruption and Anti-Money Laundering Policies
  - Data Quality Policy
  - Internal Audit Progress Report
  - External Audit Progress Report

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

**Stephen Walford**  
Chief Executive  
Monday 10 September 2018

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

An induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter. If you require any further information, or

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

Tel: 01884 234310  
E-Mail: [slees@middevon.gov.uk](mailto:slees@middevon.gov.uk)

Public Wi-Fi is available in all meeting rooms.

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## MID DEVON DISTRICT COUNCIL

**MINUTES** of a **MEETING** of the **AUDIT COMMITTEE** held on 16 July 2018 at 10.00 am

### **Present**

#### **Councillors**

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

### **Apologies**

#### **Councillor(s)**

Mrs J B Binks and L D Taylor

### **Also Present**

#### **Councillor(s)**

P H D Hare-Scott

### **Also in**

#### **Attendance:**

G Daley (Grant Thornton)

### **Also Present**

#### **Officer(s):**

Andrew Jarrett (Deputy Chief Executive (S151)), Joanne Nacey (Group Manager for Finance), Catherine Yandle (Group Manager for Performance, Governance and Data Security), David Curnow (Deputy Head of Devon Audit Partnership), Rob Fish (Principal Accountant) and Sarah Lees (Member Services Officer)

## 18. **APOLOGIES**

Apologies were received from Cllr Mrs J B Binks who was substituted by Cllr B A Moore. Apologies were also received from Cllr L D Taylor who was substituted by Cllr F W Letch.

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

There were no interests declared under this item.

## 20. **PUBLIC QUESTION TIME**

Mr Nick Quinn, a local resident, stated that he would like to ask a question concerning item 7, specifically the Statement of Accounts. In the Statement of Accounts, for the year ended 31 March 2018, on page 39 at point 30, you provide details of short and long term borrowing. You provide a list showing, the amount borrowed, the term, the % rate and the date of maturity. Similar information is provided for short term lending elsewhere. On page 25 at point 16, in the last paragraph you state that in 2017 a loan of £750,000 was made to 3 Rivers and will be repaid on a 'commercial basis'. I should like to ask, what was the actual date of the loan? Also, in relation to this loan, please can you provide me with the same information that is provided for borrowing, namely, what was the agreed term? What was the agreed % rate? What is the maturity date?

The Chairman stated that the questions would be answered when the item was discussed.

21. **CHAIRMAN'S ANNOUNCEMENTS (00:05:29)**

The Chairman had the following announcement to make:

- He and Cllr Deed had attended the first DAP meeting of the new municipal year. Due to the rotation of Chairs and Vice Chairs amongst the various local authorities in attendance it would be the turn of the Cllr B Evans to be the Vice Chairman next year. They had received an interesting presentation on fraud prevention and he had been able to feedback on this to the Deputy Chief Executive (S151) and he would discuss this with the DAP audit team in due course.

22. **MINUTES OF THE PREVIOUS MEETING (00:08:40)**

The minutes of the meeting held on 29 May 2018 were confirmed as a true and accurate record and **SIGNED** by the Chairman.

23. **ANNUAL GOVERNANCE STATEMENT FOR 2017/18 INCLUDING THE CORPORATE GOVERNANCE FRAMEWORK (00:09:10)**

The Committee had before it a report \* from the Group Manager for Performance, Governance and Data Security presenting the Committee with the finalised Annual Governance Statement and Action Plan and accompanying Corporate Governance Framework for 2017/18.

It was explained that comments made by the Committee during a recent briefing had been included as tracked changes within the draft document. One of these changes had included making ethics awareness training a part of the induction process for both Members and staff. An assurance on this had come from the Monitoring Officer who had confirmed that she provided this to all new Members.

Brief discussion took place with regard to:

- The Asset Management and Capital Plan which could be found on the website.
- How accessible the 3 Rivers business plan was to Members.
- A better understanding of the 3 Rivers management arrangements, the shareholders agreement.
- The Medium Term Financial Plan was presented annually to the Cabinet in October.

It was **AGREED** that an all Member briefing on the 3 Rivers Development Ltd company be held to aid Members understanding on the issues and implications involved.

**RESOLVED** that the Annual Governance Statement be approved and that the Leader of the Council and the Chief Executive sign the Statement as per the statutory guidance.

(Proposed by the Chairman)

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

## 24. **ANNUAL REPORT AND ACCOUNTS FOR 2017/18 (00:16:49)**

The Committee had before it a report \* from the Deputy Chief Executive (S151) presenting the final version of the annual report and accounts to Members, highlighting any areas which had been amended since the accounts had been presented to the Audit Committee in May.

The Group Manager for Financial Services explained that the accounts had been subjected to a robust audit and only 2 amendments had been identified:

- a) Upon review, Grant Thornton had identified that due to the complexity of the Council's Fixed Assets computations, there had been an omission to depreciate seven assets, therefore understating depreciation by £52k. This error had been amended in the accounts. There was no impact on the Balance Sheet or the overall value of the Council's assets as this depreciation was negated by the end of year revaluation exercise.
- b) The Accounts team had also amended the classification of the land owned by 3 Rivers Ltd from Assets under Construction to Work in Progress (WIP). This could be seen in the Group Accounts section. Again this had had no impact on the "bottom line".

In response to the questions raised in Public Question Time, the Deputy Chief Executive (S151) stated that the amount borrowed had been £750k. The commercial rate of interest was 4.5% above base rate. The maturity date hadn't been agreed yet but was expected to be around 18 months to 2 years, however, until the properties had been built and sold it was difficult to be exact on timescales.

In terms of the date of the loan the Deputy Chief Executive (151) requested that he come back to Mr Quinn by email as he did not have the information with him for the meeting. Cllr R M Deed requested that he receive a copy of the loan agreement. Cllr F W Letch requested that he receive a list of the proposed residential developments referred to in the narrative report from the Deputy Chief Executive (S151) on page 45 of the report. It was reiterated that these and other questions could be addressed in an all Member briefing on 3 Rivers Development Ltd. The Deputy Chief Executive (151) requested that he receive questions in advance from Members.

Discussion followed with regard to:

- Whether consideration was being given to the acquisition of property in towns or parishes outside of Tiverton. The Deputy Chief Executive (S151) confirmed that recent acquisitions had come about as a result of circumstance, the capital programme moved forward based upon the best business case at the time.
- A question that had been asked at the Environment Policy Development Group regarding the properties bought three years ago in Tiverton. The question asked was what was the capital value compared with the purchase

price of these properties? The Deputy Chief Executive (151) assured the Member asking the question that he would receive a response.

**RESOLVED** that the annual report and accounts for 2017/18 be approved (subject to the recommendations made by the external auditor) and that the letter of representation also be approved and signed.

(Proposed by the Chairman)

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

## 25. **GRANT THORNTON AUDIT FINDINGS 2017/18 (00:31:48)**

The Committee had before it, and **NOTED**, a report \* from Grant Thornton summarising their findings following an audit of Mid Devon District Council's 2017/18 financial accounts.

Subject to outstanding queries being resolved the external auditors anticipated issuing an unqualified audit opinion following this meeting. Outstanding issues included:

- Conclusion of the ongoing review of the classification of the Premier Inn lease.
- Completion of the Whole of Government Accounts review.
- Receipt of confirmation from the District Valuer regarding qualifications and independence as well as the appropriateness of the 35% social housing factor.
- Receipt of the Letter of Representation.
- Final review of the financial statements.

The Value for Money opinion was expected to be unqualified and would be concluded that afternoon.

Consideration was given to the categorisation of leased land to third parties which was complex and needed thorough review. The external auditors were satisfied that the Council had categorised the lease of the land to the Premier Inn correctly but this had involved detailed work and the analysis of legal documents. It was recognised that as councils continued to exercise their powers in this area it would be an ongoing piece of work for external auditors as part of their annual audit.

It was confirmed that the items listed in the action plan would be tracked, followed up and monitored by the Leadership Team and Finance. The Audit Committee was the also the correct forum to keep a close eye on the issues identified.

The Committee wished to pass on its thanks to Grant Thornton for the complex work they had undertaken on behalf of the Committee.

The Cabinet Member for Finance also wished for his thanks to be passed on the Finance team. He stated that he hoped all Members would get involved with the budget setting process for next year. It was also quite right to be raising questions regarding 3 Rivers Development Ltd and that through analysis be made before the Council invested in anything to ensure minimum risk.



The Chairman stated that he would be personally writing to each member of the finance team to thank them for their hard work and efforts in creating a finalised set of accounts.

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

**26. UPDATE ON OUTSTANDING AUDIT RECOMMENDATIONS (00:49:45)**

At the previous meeting the Committee had requested that they receive an update in relation to the recommendations made in the internal audit for the Developmental Control Area. The Group Manager for Developmental Control made reference to the response from the Head of Planning, Economy and Regeneration where the recommendations had been addressed. This response had been attached to the agenda for the meeting. Recommendations were monitored on a two yearly basis by reference to the south west best practice group. The service was consistently meeting targets set nationally.

The Chairman stated that as Chair of the Committee and a Ward Member he frequently heard from various sources that officers were saying they were under a great deal of pressure in terms of volumes of work and imposed timescales. He felt that the Committee had a responsibility to address the welfare of the staff if issues were being flagged up. He would be meeting with the Leader and the Cabinet Member shortly and would report back to the Committee.

The Chairman also referred to previous conversations that had taken place regarding figures in relation to sickness absence. He informed the Committee that he had met with the Group Manager for Human Resources and that this issue was being addressed at the highest level. An action plan was being formulated and he was now satisfied that there was a plan in place to deal with this issue.

**27. IDENTIFICATION OF ITEMS FOR THE NEXT MEETING**

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

- Update on the external auditors action plan

(The meeting ended at 10.58 am)

**CHAIRMAN**

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## AUDIT COMMITTEE 18 SEPTEMBER 2018

### PERFORMANCE AND RISK FOR 2018-19

**Cabinet Member** Cllr Clive Eginton  
**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.

**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 % of household waste reused, recycled and composted; remains just below the target of 53.0% at 52.6%. The number of missed collections is very low and performance is good.
- 2.2 Regarding the Corporate Plan Aim: **Reduce our carbon footprint:** From May 2018 all residual waste accepted at the Waste Transfer Station at Carlu Close can now be transported to the Exeter Energy from Waste (EfW) plant.
- 2.3 We have installed heat pumps at Unit 10 Market Walk as part of the refurbishment. The number of public electric car charging points at the Leisure centres has been doubled. There are now 2 at each centre.
- 2.4 Condition surveys of Council owned facilities have been carried out as part of phase 1 of the Asset Management Plan 2016-2020- Energy assessment.

### Homes Portfolio - Appendix 2

- 2.5 Regarding the Corporate Plan Aim: **Build more council houses:** No new **Council Houses** were completed; however work is progressing on Birchen Lane (4), due September 2018, Burlescombe (6) due March and Palmerston Park (26) due June 2019.
- 2.6 Regarding the Corporate Plan Aim: **Facilitate the housing growth that Mid Devon needs, including affordable housing:** Last year was very successful with both measures well above target. The Affordable homes delivered figure is reported quarterly. Bringing empty homes into use is again above target.
- 2.7 Regarding the Corporate Plan Aim: **Planning and enhancing the built environment: Performance Planning Guarantee determined within 26 weeks** is now on target for Q1 and all 4 speed and quality measures were well above the required target.
- 2.8 Local Plan update: The Inspector has confirmed that the preliminary hearings into Policy J27 Land at Junction 27 and associated policies SP2 Higher Town, Sampford Peverell and TIV16 Blundells School, will take place on 20 and 21 September 2018.
- 2.9 **Average Days to re-let:** This is a very challenging target; having achieved <16 days for the last 3 years the target has been reduced to 14 days. Whilst this has not been reached yet our performance on voids has been so good that peers have asked how we have achieved this.
- 2.10 **Rent Arrears:** It has been predicted for some time that rent arrears are likely to increase with welfare reform. Although outside target, performance remains in the top quartile when compared to that of other providers. Officers are

currently devoting more time to income collection and are giving it greater priority.

#### Economy Portfolio - Appendix 3

- 2.11 Regarding the Corporate Plan Aim: **Focus on business retention and growth of existing businesses:** we record **Businesses assisted** which is on target; they have to be assisted for a minimum of an hour to be included in this figure.
- 2.12 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:** for **Empty Shops**, although the vacancy rates are below our target they still are better than the national average vacancy rate which was 11.2% at the end of 2017. The South West region had the 4<sup>th</sup> highest loss of Retail High Street units in 2017, so we could be considered to have done well as a District.

#### Community Portfolio - Appendix 4

- 2.13 **Other:** Although responsibility for legal compliance will always rest with the business, MDDC's responsibility is to carry out the food premises inspections required (for A & B - High Risk premises). The figure for premises compliant with food safety law has been consistently at 85% so far this year.

#### Corporate - Appendix 5

- 2.14 **Working days lost due to sickness** is well below target but not higher than the average for English authorities according to the LGA. The Sickness Absence Action Plan has been drafted and will go to Leadership Team for approval this month.
- 2.15 The **Response to FOI requests** is still below target. The Information Management Team has taken steps to try to improve performance such as using generic email addresses, giving more guidance over responses and checking with staff that a request belongs to a service before it is assigned.

### **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.

**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

## Corporate Plan PI Report Environment

Monthly report for 2018-2019  
 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>	98.56 (3/12)		378.00	32.90	63.00	96.80											Stuart Noyce	(April - July) July 2018 data has not yet been received from Devon County Council (LD)
<u>% of Household Waste Reused, Recycled and Composted</u>	51.3% (3/12)		53.0%	50.0%	52.9%	52.6%											Stuart Noyce	(July) July 2018 data has not yet been received from Devon County Council (LD)
<u>Net annual cost of waste service per household</u>			£45.31	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>	9,107 (3/12)		9,500	9,613	9,848	9,912											Stuart Noyce	
<u>% of missed collections reported (refuse and organic waste)</u>	0.03% (4/12)		0.03%	0.02%	0.02%	0.03%	0.03%										Stuart Noyce	(July) % of missed collections continue to be on target (LD)
<u>% of Missed Collections logged (recycling)</u>	0.03% (4/12)		0.03%	0.01%	0.01%	0.01%	0.01%										Stuart Noyce	(July) % of missed collections remain under target (LD)

**Corporate Plan PI Report Environment****Priorities: Environment****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
<b><u>Number of Fixed Penalty Notices (FPNs) Issued (Environment)</u></b>	13 (4/12)			3	4	7	8										Stuart Noyce	

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## Corporate Plan PI Report Homes

Monthly report for 2018-2019  
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 (5/12)		26	0	0	0	0	0									Angela Haigh	(May) Birchen Lane due May (CY)

## 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>	26 (1/4)		80	n/a	n/a	14	n/a	n/a		n/a	n/a		n/a	n/a			Angela Haigh	
<u>Deliver 15 homes per year by bringing Empty Houses into use</u>	23 (4/12)		72	13	19	26	29										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>% Decent Council Homes</u>	99.9% (4/12)		100.0%	97.3%	99.9%	99.7%	99.9%										Angela Haigh	
<u>% Properties With a Valid Gas Safety Certificate</u>	99.82% (4/12)		100.00%	99.69%	99.78%	99.73%	99.91%										Angela Haigh	
<u>Rent Collected as a Proportion of Rent Owed</u>	96.87% (4/12)		100.00%	95.34%	96.76%	97.09%	97.72%										Angela Haigh	
<u>Current Tenant Arrears as a Proportion of Annual Rent Debit</u>	1.30% (4/12)		1.00%	1.13%	1.17%	1.29%	1.34%										Angela Haigh	
<u>Dwelling rent lost</u>	0.5% (4/12)			0.71%	0.67%	0.70%	0.65%										Angela Haigh	

Corporate Plan PI Report Homes																			
Priorities: Homes																			
Aims: Other																			
Performance Indicators																			
Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Actual to Date	Group Manager	Officer Notes	
<u>due to voids</u>																			
<u>Average Days to Re-Let Local Authority Housing</u>	15.8days (4/12)		14.0days	16.6days	15.9days	16.1days	15.6days										Angela Haigh		

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## Corporate Plan PI Report Economy

Monthly report for 2018-2019  
 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

\* 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 to Manager	Officer Notes
<u>Number of business rate accounts</u>	2,942 (3/12)		3,000	3,004	3,004	3,044											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 to Manager	Officer Notes
<u>Businesses assisted</u>	92 (4/12)		250	25	49	69	89										None	(July) Estimated (JB)

## 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 to Manager	Officer Notes
<u>Increase in Car Parking Vends</u>	54,086 (3/12)			49,410	51,507	51,931											Andrew Jarrett	
<u>The Number of Empty Shops (TIVERTON)</u>	19 (1/4)		18	n/a	n/a	22	n/a	n/a		n/a	n/a		n/a	n/a			Adrian Welsh	(Quarter 1) 22 vacant units representing a vacancy rate of 9.4% (JB)
<u>The Number of Empty Shops (CREDITON)</u>	8 (1/4)		8	n/a	n/a	10	n/a	n/a		n/a	n/a		n/a	n/a			Adrian Welsh	(Quarter 1) 10 vacant units representing a vacancy rate of 8.5% (JB)
<u>The Number of Empty Shops (CULLOMPTON)</u>	9 (2/4)		8	n/a	n/a	6	n/a	n/a	7	n/a	n/a		n/a	n/a			Adrian Welsh	(Quarter 1) 6 vacant units representing a vacancy rate of 7.1% (JB)

## Aims: Other

**Corporate Plan PI Report Economy****Priorities: Economy****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 to Manager	Officer Notes
<u>Funding awarded to support economic projects</u>	£0 (1/4)			n/a	n/a	£0	n/a	n/a		n/a	n/a		n/a	n/a			Adrian Welsh	(Quarter 1) Applications amounting to £431,200 have been submitted with support from EDR, but the outcome these awards is not yet known (JB)

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## Corporate Plan PI Report Community

Monthly report for 2018-2019

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

\* 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>	22 (5/12)			22	22	22	22	22									Corinne Parnall	(August) 22 (K)

## 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>	152 (5/12)		30	69	66	66	75	77									Jane Lewis	(August) No. of Facebook Posts Published = 36 No. of Tweets Tweeted = 41 (MA)
<u>Number of web hits per month</u>	27,028 (5/12)			35,191	33,432	29,453	30,317	31,082									Jane Lewis	
<u>Compliance with food safety law</u>	90% (5/12)		90%	85%	85%	85%	85%	85%									Simon Newcombe	

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## Corporate Plan PI Report Corporate

Monthly report for 2018-2019

Arranged by Aims

Filtered by Aim: Priorities Delivering a Well-Managed Council

For MDDC - Services

Key to Performance Status:

Performance Indicators:

No Data

Well below target

Below target

On target

Above target

Well above target

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

## Corporate Plan PI Report Corporate

## Priorities: Delivering a Well-Managed Council

## Aims: Put customers first

## Performance Indicators

Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Actual to Date	Group Manager	Officer Notes
% of complaints resolved w/in timescales (10 days - 12 weeks)	92% (5/12)		90%	94%	96%	89%	89%	86%									Lisa Lewis	(August) Report run at end of August, will check figures again at the end of the 12 week period for more accurate figures. (RT)
Number of Complaints	27 (5/12)			18	28	32	37	28									Lisa Lewis	
New Performance Planning Guarantee determine within 26 weeks	99% (1/4)		100%	n/a	n/a	100%	n/a	n/a	n/a	n/a	n/a	n/a	n/a				Jenny Clifford, David Green	
Major applications determined within 13 weeks (over last 2 years)	83% (1/4)		60%	n/a	n/a	86%	n/a	n/a	n/a	n/a	n/a	n/a	n/a				Jenny Clifford, David Green	
Minor applications determined within 8 weeks (over last 2 years)	79% (1/4)		65%	n/a	n/a	73%	n/a	n/a	n/a	n/a	n/a	n/a	n/a				Jenny Clifford, David Green	
Major applications overturned at appeal (over last 2 years)	4% (1/4)		10%	n/a	n/a	3%	n/a	n/a	n/a	n/a	n/a	n/a	n/a				Jenny Clifford, David Green	
Minor applications overturned at appeal (over last 2 years)	0% (1/4)		10%	n/a	n/a	0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a				Jenny Clifford, David Green	
Response to FOI Requests (within 20 working days)	73% (5/12)		100%	97%	99%	99%	97%	96%									Catherine Yandle	(August) 68 replies, 3 late (CY)
Working Days Lost	3.12days (5/12)		7.00days	0.64days	1.34days	2.18days	2.82days	3.42days									Jane Cottrell	

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>Due to Sickness Absence</u>																		
<u>Return on Commercial Portfolio</u>			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	
<u>% total Council tax collected - monthly</u>	51.60% (5/12)		98.50%	11.32%	20.63%	29.48%	38.51%	47.43%									Andrew Jarrett	
<u>% total NNDR collected - monthly</u>	50.41% (5/12)		99.20%	12.15%	23.60%	32.20%	40.39%	47.45%									Andrew Jarrett	
<u>Number of visitors per month</u>	2,724 (5/12)		2,750	2,172	2,351	2,323	2,393	2,341									Lisa Lewis	
<u>Satisfaction with front-line services</u>	97.59% (5/12)		80.00%	0.00%	0.00%	100.00%	100.00%	100.00%									Lisa Lewis	
<u>Increase Number of Digital payments</u>	31,703 (5/12)		70,960	6,908	14,226	20,885	27,772	34,330									Lisa Lewis	

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## Risk Report Appendix 6

Report for 2018-2019

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: 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

**Review Note:** Capital Asset Management Strategy on the website

**Risk: Commercial Land supply** Failure to identify commercial land supply will stunt economic growth

**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:** LT review

**Risk: Contingency - Business Continuity** Having an ineffective Business Continuity Plan in place to complement 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

## Risk Report Appendix 6

- 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.
- Fuel strikes
- Industrial action

Failure to plan for this and implement contingency procedures will affect service delivery.

**Service: Governance**

**Current Status: Medium (12)**

**Current Risk Severity: 4 - High**

**Current Risk Likelihood: 3 - Medium**

**Service Manager: Catherine Yandle**

**Review Note:** Service BCP added to template for Service Business Plans due by end of September. This risk will be reviewed again in October.

**Risk: Corp RA - Recycling Income** Reduction in material income levels due to market forces.

**Effects (Impact/Severity):**

**Causes (Likelihood):**

**Service: Street Scene Services**

**Current Status: Medium (12)**

**Current Risk Severity: 4 - High**

**Current Risk Likelihood: 3 - Medium**

**Service Manager: Stuart Noyce**

**Review Note:**

**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**

**Current Status: Medium (12)**

**Current Risk Severity: 4 - High**

**Current Risk Likelihood: 3 - Medium**

**Service Manager: Andrew Busby**

**Review Note:**

## Risk Report Appendix 6

**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: No Data**

**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:** The assessment of the risk remains the same, as the Housing Service is required to house vulnerable people with complex needs who may exhibit challenging behaviour if they feel threatened. An eviction can be a very traumatic event for such people.

**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: Medium (12)**

**Current Risk Severity: 4 - High**

**Current Risk Likelihood: 3 - Medium**

**Service Manager: Jenny Clifford**

**Review Note:** LT review

## Risk Report Appendix 6

**Risk: GDPR compliance** That the Council cannot demonstrate that we are prepared for GDPR

**Effects (Impact/Severity):**

**Causes (Likelihood):**

Service: Governance

**Current Status: Medium**  
(10)

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

**Current Risk Likelihood: 2 -**  
Low

Service Manager: Catherine Yandle

**Review Note:** Information Audit Action Plan agreed today

**Risk: H&S RA - Carlu Close Depot** Inherent risk at Carlu Close site - highest scoring risk

**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:** Changes have been made to operations at Carlu Close such as not idling engines inside the building, varying fan use, leaving main doors open to improve ventilation etc. Further air quality testing results are awaited.

**Risk: H&S RA - Enforcement Officer** Enforcement Officer Risk assessment

**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:** Limited access to support while working alone -  
Emergency help button installed on hand held device with direct relay to depot.  
Officers registered with Taunton Deane Lone Worker programme

**Risk: H&S RA - Litter picking** Litter picking - Risk of accident/injury from vehicles when working roadside

**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: Darren Beer

**Review Note:** Per email 20 August 2018

## Risk Report Appendix 6

**Risk: H&S RA - Recycling Depot Operatives** Risk assessment for role - Highest Risks scored - Vehicle Movements inside Depot/Risk of Fire

**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:** SSoW/designated walkways/PPE/Reversing Assistants/Equipment servicing. Regular alarm testing and equipment checks/flammable materials outside.

**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:** SSoW/Training & Instruction/Mobile phones

**Risk: H&S RA - Street Cleansing Operative** Risk assessment for role - highest risk from role - Risk of accident/injury when working roadside

**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 Report Appendix 6

**Risk: H&S RA - Tractor Operations** Tractor with Side Arm Flail Operations (Where applicable this RA is to be used in conjunction with the Working by roadside RA and the Hand Held Hedge Cutter RA)

**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: Darren Beer

**Review Note:**

**Risk: H&S RA - Tree Operations including the use of chainsaws** Tree operations including the use of chainsaws

**Effects (Impact/Severity):**

**Causes (Likelihood):**

Service: Grounds Maintenance

**Current Status: Medium  
(12)**

**Current Risk Severity: 4 -  
High**

**Current Risk Likelihood: 3 -  
Medium**

Service Manager: Darren Beer

**Review Note:**

**Risk: H&S RA - Use of GM vehicles (inc. loading, tipping, trailers and use of water bowser)** Loading vehicles + unloading on site

**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: Darren Beer

**Review Note:**

**Risk: H&S RA - Working at height** Use of Ladders

**Effects (Impact/Severity):**

**Causes (Likelihood):**

Service: Grounds Maintenance

**Current Status: Medium  
(12)**

**Current Risk Severity: 4 -  
High**

**Current Risk Likelihood: 3 -  
Medium**

Service Manager: Darren Beer

**Review Note:** Per email on 20 August

## Risk Report Appendix 6

**Risk: H&S RA - Working by Roadside Urban/Rural** Carrying out activities and tasks by the roadside.

**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: Darren Beer**

**Review Note:**

**Risk: H&S RA -Waste Collection - Health and Safety** Inadequate training with regards to Manual Handling and workplace hazards (eg contact with broken glass) could result in Health and Safety risks

**Effects (Impact/Severity):**

**Causes (Likelihood):** - Increasing demand and service costs due to increasing population, consumer society and an increasing amount of waste

**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: 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:** The assessment of the risk remains the same but it should be noted that the Housing Service works closely with partners including the Devon and Somerset Fire and Rescue Service to help those who hoard to understand the possible consequences of their behaviour and to help them to commence addressing the issues.

**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



## Risk Report Appendix 6

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: Medium (12)**

**Current Risk Severity: 4 - High**

**Current Risk Likelihood: 3 - Medium**

**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: Medium (12)**

**Current Risk Severity: 4 - 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: No Data**

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

**Current Risk Likelihood: 4 - High**

**Service Manager: Alan Keates**

**Review Note:**



## 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, Heather Hargreaves**

**Review Note:** Extensive review done, annual chlorination on a planned basis re-introduced which provides extra protection in addition to other measures introduced.

### **Risk: Leisure Income Generation** Inability to compete with neighbouring leisure centres could result in reduced custom/use which could challenge the service's ability to achieve its income target.

#### **Effects (Impact/Severity):** • Reduced income levels

**Causes (Likelihood):** • Discretionary spend nature of leisure sector in economic recession  
 • The set-up of budget gyms in Mid Devon is unlikely but could impact on our income if they did  
 • Smaller leisure businesses are more likely to set up in Mid Devon and their impact on our service could be reduced if internal communication processes are improved so as to notify Leisure Managers of any potential competitors in the area

**Service: Leisure Services**

**Current Status: No Data**

**Current Risk Severity: 3 - Medium**

**Current Risk Likelihood: 3 - Medium**

**Service Manager: Lee Chester**

**Review Note:** The baseline income target from the actual achieved in 2016/17 was £2,460,020, and so a budget was set for 2017/18 at £2,655,500 incorporating; price increases, growth and a development sum for the fitness extension at Exe Valley. Although the income target was missed by £42,841, (consideration for closures due to snow, flooding of outdoor pitches, south west water closing a large section of Tiverton, maintenance issues with Culm Valley's main hall ceiling and with Exe Valley's Learner Pool bottom, Lords Meadow car park works, and the entire disruption to Exe Valley during the fitness development and car park works development, are instances where we have missed out on income, or had service compromised) as a service an increase of just under £154k was achieved which is an improvement of 6.26% over the previous year.

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

#### **Effects (Impact/Severity):**

#### **Causes (Likelihood):**

**Service: Planning**

**Current Status: No Data**

**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 Report Appendix 6

**Risk: Localism Act - Community Right to Buy / Challenge** Transference of services to the community could enable the Council to identify cost savings

**Effects (Impact/Severity):**

**Causes (Likelihood):**

Service: Financial Services

**Current Status: Medium (12)**

Current Risk Severity: 4 - High

Current Risk Likelihood: 3 - Medium

Service Manager: Jo Nacey

**Review Note:**

**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

**Review Note:** Health & Safety Officer trailing new Lone Working equipment.

**Risk: Management of Legionella within Corporate Assets** The risk assessment covers the Management control, including practises and procedures, of Legionella across all Commercial Assets

**Effects (Impact/Severity):**

**Causes (Likelihood):**

Service: Property Services

**Current Status: High (15)**

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 3 - Medium

Service Manager: Andrew Busby

**Review Note:** Lots of work and training has been undertaken. The SLA is still in draft but we have a clear plan in place. The Housing Team are also working through our corporate stock removing cold water tanks etc. which immediately lowers the risk.

**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

## Risk Report Appendix 6

**Current Status: Medium**  
(12)

**Current Risk Severity: 4 - High**

**Current Risk Likelihood: 3 - Medium**

**Service Manager:** Jenny Clifford

**Review Note:**

**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:** Jo Nacey

**Review Note:** There is continuing pressure due to ongoing funding reductions. Further discussion has taken place centrally on changing the mechanism re NHB funding which will have an impact if implemented

**Risk: Palmerston Park** Development of 26 houses - liquidator exploring a claim against us regarding losses and damages re previous contractor.

**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

**Review Note:** At this point in time we are confident we can re-buff the claim. We had appropriate legal advice before we terminated the contract with the contractor. We have also had to carry out remedial works and have established losses.

**Risk: Plant Room** Plant Room

**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, Heather Hargreaves

**Review Note:**

- Only authorized personnel to enter storage areas
- Pool plant operator certification required by operators
- Backwash only when pool not in use
- Planned storage of combustible materials
- Staff carry two way radios.

## Risk Report Appendix 6

### **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, Heather Hargreaves**

#### **Review Note:**

### **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: High (15)**

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

**Current Risk Likelihood: 3 - Medium**

**Service Manager: Andrew Busby**

**Review Note:** Demolition RA received and circulated, comments sent to developer and mitigations amended as instructed by us. Insurance company advised. Risk increased to reflect the fact demolition due to commence this month.

### **Risk: Reduced Funding - Budget Cuts** We are subject to continuing budget reductions. If we concentrate on short term cost savings, it may increase long term impact of decisions

**Effects (Impact/Severity):** • Increased workforce stress and declining morale can add to the dangers of a major incident if staff come under pressure as budget cuts force changes in operational models

- Budget cuts may limit the financial resources that we can dedicate to network security potentially making us more vulnerable to cyber-attacks
- Use of reserves to supplement reduced funding for budgets could put a strain on reserves in future, with inability to maintain them
- The Council could significantly over or underspend against budget on the provision of Council services
- There may be inefficient use of public money and a failure to comply with the Council's objectives
- The relative scale of impact in an incident will be higher due to decreased organisational resilience as a result of diminishing financial reserves and workforce response capacity

**Causes (Likelihood):** • Severe financial pressure caused by a significant reduction to the Council's Revenue Support Grant

- Ceasing of other grants

**Service: Financial Services**

**Current Status: High (20)**

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

**Current Risk Likelihood: 4 - High**

**Service Manager: Jo Nacey**

## Risk Report Appendix 6

**Review Note:** We have managed to balance the budget in previous years with limited use of reserves. This will become increasingly difficult and we will need to continue to implement longer term savings.

**Risk: Reduced Funding - Service Cuts** With continued reductions in funding, there may be a long-term need to plan reduced or cease non-statutory services.

**Effects (Impact/Severity):**

- With the economic downturn there is risk of balancing reduced services with customer expectations in an increasing demand-led environment.
- Financial costs arising from reduced services (eg insurance claims due to flicking stones when cutting long grass)

**Causes (Likelihood):** • Severe financial pressure caused by a significant reduction to the Council's Revenue Support Grant

**Service: Financial Services**

**Current Status: High**  
(16)

**Current Risk Severity: 4 - High**

**Current Risk Likelihood: 4 - High**

**Service Manager: Jo Nacey**

**Review Note:**

**Risk: Reputational damage - social media** 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: Jane Lewis**

**Review Note:** Now that there is a full time Communication Officer in post this provides the council with improved social media monitoring and we are more likely to respond in a timely manner. The media policy and social media guidelines are also currently being reviewed and will be taken to the Community PDG in November 2018.

**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:** the assessment of the risk remains the same but there are adopted policies and procedures which should mitigate the risk of a disaster happening. Furthermore, we have trained and experienced staff.

## Risk Report Appendix 6

**Risk: S106 Agreement** Inability of the legacy systems to provide a full overview of the 'trigger points' for all of the s106 agreements

**Effects (Impact/Severity):**

**Causes (Likelihood):**

Service: Planning

**Current Status: High (15)**

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 3 - Medium

Service Manager: None

**Review Note:**

**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, Heather Hargreaves

**Review Note:**

**Risk: Stress** Legal work is often high stakes and relatively urgent, with little control over the timing of instructions and work volumes. Officers in the team have to change priorities on a daily basis, leading to frustration and discord with services. The time allowed to do the work properly first time is almost always underestimated, leading officers to feel that they are on a conveyer-belt with little appreciation.

**Effects (Impact/Severity):**

**Causes (Likelihood):**

Service: Legal Services

**Current Status: Medium (9)**

Current Risk Severity: 3 - Medium

Current Risk Likelihood: 3 - Medium

Service Manager: Kathryn Tebbey

**Review Note:**

## Risk Report Appendix 6

**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: 4 - High**

**Current Risk Likelihood: 3 - Medium**

Service Manager: Claire Fry

**Review Note:** In the case of potential stress and related conditions, Managers should undertake regular supervision meetings to monitor the situation and provide support.

**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, Heather Hargreaves

**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, Heather Hargreaves

**Review Note:**

**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:** Good links with other partners including the Police, Social Services, support agencies etc.

## Risk Report Appendix 6

**Risk: Widespread fire in block of flats** Fire in our multiple occupancy properties, could result in widespread damage, injury or even death

**Effects (Impact/Severity):**

**Causes (Likelihood):**

**Service: Housing – Building Maintenance**

**Current Status: No Data**

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

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

**Service Manager: Mark Baglow**

**Review Note:** All flats are subjected to an annual fire risk assessment and recommendations implemented. All alarms, emergency lighting and other fire prevention equipment is tested in accordance with legislation. We have introduced a new fire risk policy for the flats that requires all stairwells and common area to be kept clear with no storage or flammable items including floor coverings. All external cladding has been tested and found to present a trivial risk of fire.

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# Risk Matrix

## Report For MDDC - Services Current settings

<b>Risk Likelihood</b>	<b>5 - Very High</b>	<b>No Risks</b>	<b>No Risks</b>	<b>No Risks</b>	<b>No Risks</b>	<b>No Risks</b>
	<b>4 - High</b>	<b>No Risks</b>	<b>1 Risk</b>	<b>2 Risks</b>	<b>1 Risk</b>	<b>2 Risks</b>
	<b>3 - Medium</b>	<b>No Risks</b>	<b>1 Risk</b>	<b>10 Risks</b>	<b>15 Risks</b>	<b>5 Risks</b>
	<b>2 - Low</b>	<b>2 Risks</b>	<b>14 Risks</b>	<b>38 Risks</b>	<b>21 Risks</b>	<b>24 Risks</b>
	<b>1 - Very Low</b>	<b>4 Risks</b>	<b>6 Risks</b>	<b>8 Risks</b>	<b>9 Risks</b>	<b>16 Risks</b>
		<b>1 - Very Low</b>	<b>2 - Low</b>	<b>3 - Medium</b>	<b>4 - High</b>	<b>5 - Very High</b>
		<b>Risk Severity</b>				

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## AUDIT COMMITTEE 18 SEPTEMBER 2018

### 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 2017/18 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 16 July 2018.
- 1.2 The Action Plan is attached as Appendix A and progress updates have been noted on the document.
- 1.3 There were 10 issues identified in the 2017/18 Annual Governance Statement. Some dates for completion have been amended but progress has been steady.
- 1.4 Progress against the Action Plan will be reported at each 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 (2017/18)

Annual Governance Statement 2017-18 Action Plan			
Issues Identified	Action to be taken	By whom and progress	When
1. The Internal Audit report for Development Control identified "Improvements Required" with regard to the inability of the legacy systems to provide a full overview of the 'trigger points' for all of the s106 agreements.	A project to address this is ongoing through use of specialised software, although populating the system is time consuming as many of the s106 agreements are complex. The current position is being reviewed by senior management and additional temporary staff engaged to clear the backlog.	The Head of Planning, Economy and Regeneration  Significant progress has been made; the planning system is now being reconciled with the financial system.  Planning S106 Governance is on the Forward Plan for Cabinet	30 September 2018  31 October 2018
2. Increase ethics awareness training in the staff induction process	Write an ethics training module in the new Learning Management System for the mandatory induction process	Director of Business Transformation and Corporate Affairs	<del>30 September 2018</del> 31 October 2018
3. Evidence of balancing feedback from more active stakeholders with other stakeholders to ensure inclusivity	The Community Engagement Strategy and Action Plan are due to go to Community PDG	Director of Business Transformation and Corporate Affairs	20 November 2018
4. We need processes for dealing with competing demands on the budget from the community	The Community Engagement Strategy and Action Plan are due to go to Community PDG  All Members' Budget Prioritisation Away Day	Director of Business Transformation and Corporate Affairs  Deputy Chief Executive	20 November 2018  7 September 2018

## Annual Governance Statement (2017/18)

5. Still more benchmarking information is needed and stronger links between financial and performance monitoring	Link between finance and performance to be reinforced in Service Business Plans for 2019/20.	Deputy Chief Executive	30 September 2018
6. Service plans do not yet demonstrate consideration of 'social value'	Link between finance and performance to be reinforced in Service Business Plans for 2019/20.	Deputy Chief Executive	31 October 2018
7. 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.	Skills Audit to be completed by collecting information as part of the appraisal process and utilisation of the LMS system to record qualifications and experience.  Succession Planning Policy is Required; included in the revised HR Strategy.	Director of Business Transformation and Corporate Affairs  Meeting with SW Councils to scope this project was held on 31 August, project start date was agreed as January 2019  Director of Business Transformation and Corporate Affairs	<del>December 2018</del> January to October 2019  30 September 2018
8. A Sickness Absence Action Plan is being developed by HR and the Health and Safety Officer	This is in draft and is due to go to Leadership Team for approval in September	Director of Business Transformation and Corporate Affairs	30 September 2018

## Annual Governance Statement (2017/18)

9. GDPR legislation now needs to be followed up with compliance and enforcement work.	A programme of Information audits is planned from Autumn 2018 to ensure, and enforce, compliance with the Data Protection Act 2018	Director of Business Transformation and Corporate Affairs  Planning has commenced programme will be agreed by Leadership Team in September	31 October 2018
10. Of the 7 areas where Partial compliance with the Public Sector Internal Audit Standards were identified; 5 are now fully compliant and 2 have identified further actions to achieve full compliance	Address remaining areas with “P” assessment via Quality Assurance Improvement Plan (QAIP). This will entail supporting the Council developing and maintaining an assurance map integrating this with the risk management framework. Review of the risk management framework will commence in September 2018.	DAP Deputy Head of Partnership	September 2018 to March 2019

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# Internal Audit

## Audit Progress Report 2018-19

### Mid Devon District Council Audit Committee

Page 6 of 49

September 2018

Robert Hutchins  
Head of Audit Partnership

Auditing for achievement

Agenda Item 8.

## 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 2018/19 was presented and approved by the Audit Committee in March 2018. The following report and appendices set out the background to audit service provision; a review of work undertaken in 2018/19, 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 2018/19 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.
<b>Significant Assurance</b>	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** we have started covering the Council's key financial controls or where the level of income is material in the context of the Council's annual accounts this. This is earlier than historically but we feel may better suit work flows.

The Findings of particular interest include:

- there are no major concerns on controls from the reviews completed.

No material issues have been identified to date.

**Risk Based Audits** have formed the majority of the work in the first part of the year. Opinions for the current period are included in appendix 2 to this report.

Findings of particular interest include refuse and recycling and carpark income. Both provide significant income levels and controls over their operation have been found to be effective with no material concerns identified.

Reviews in other areas including:

- equality impact assessments;
- recruitment;

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

### Other Work

- Risk Management
- Audit Committee guidance
- Counter Fraud Services

We are currently considering risk management arrangements and have fed into the revision of the risk management policy which is a sound document.

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:-

*"very sensible and professional recommendations"*

*"in-depth review of support service handling of garden waste permits"*

*"audit support enable change to be implemented"*

We trust that officers have found our engagement, support as a "trusted advisor" effective and constructive in these significantly changing times.

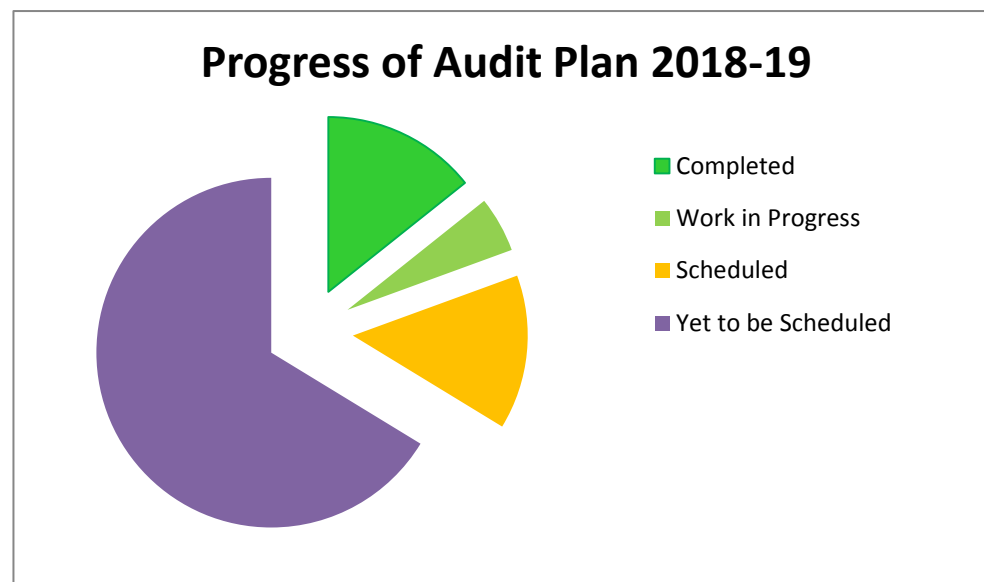
## Audit Coverage and Performance Against Plan

Performance against plan is generally as expected with the larger proportion of the work to be completed in the second half of the year. This is due to the maternity leave of a key member of the Audit Team. It is expected that DAP will complete the significant part of the audit plan (85%) within the budget envelope recognising that there is additional cost to maternity cover. This adjustment has been agreed with management, work will be prioritised to the core financial systems and the key risks in other areas.

Resources have been targeted to support the changes in a continually evolving organisation.

The pie charts right shows the progress of audit against plan. The work completed in this period is primarily risk based work with some core key financial systems completed.

Appendix 1 to this report provides a summary of the audits undertaken since our last progress report in 2018/19, along with our assurance opinion. Where a "high standard" or "good 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 "improvements required" 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 2. We have been working with the Council to improve procedures to ensure that these are monitored more effectively such that they are brought to a close more quickly.

## Fraud Prevention and Detection

There have been no reviews this period.

**Customer Satisfaction** – survey returns score 98% satisfaction year to date.

## Appendix 1 – Summary of audit reports and findings for 2018/19

### 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.

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Risk Area / Audit Entity	Audit Report					
	Assurance opinion	Executive Summary / Residual Risk	Summary of Recommendations High / Med / Low			Direction of Travel Assurance
Core Audit – Key Financial Systems						
<b>Car Park Income</b> Risk / ANA: ANA – Medium  Spar	Good Standard  Status: Final	Fees and charges for pay and display car parking and the number of vends are closely monitored and regularly reported. Reconciliations of the expected income and cash received are well controlled and operate effectively - a high level of assurance can be given.  Car parking permit fees are also regularly monitored. A technical issue on transaction analysis on data transfer into the accounting system requires resolve to improve monitoring information.	1	1	5	
Risk Based Reviews						
<b>Equality Impact Assessments</b> Risk / ANA: ANA – Med  Spar 3x3=9 Medium/orange	Good Standard  Status: Final	The Council's Single Equality Statement is updated and approved each year, it is published on the Council's website and supported by sound procedure and process. In line with legislation, the Council publishes statistics on the general population, staff and members, service users and departments within the Council. There is, however, no formal procedure in place to monitor whether EqIA's have been completed, to prevent non-compliance risk, although the GM for Performance, Governance and Data Protection reviews a large proportion of reports. This is further mitigated where the Scrutiny Committees also have the authority 'call in' any report and challenge proposed changes to policies which may affect equality and diversity.  The Corporate Equality Forum has not met for some considerable time and this needs to be addressed to ensure that equality issues can be highlighted and monitored regularly.	1	3	1	

Risk Area / Audit Entity	Audit Report					
	Assurance opinion	Executive Summary / Residual Risk	Summary of Recommendations High / Med / Low			Direction of Travel Assurance
<b>Recruitment, Selection &amp; succession planning</b>  Risk / ANA: ANA – Low Spar 3x2=6 low/orange	Good Standard  Status: Final	Controls around the recruitment and selection policy generally work well, and the policy gives detailed guidance on the procedure. However, it is felt that officers would benefit from having a structured refresher training on the process. Testing identified that the recruitment process is followed in line with the HR policy although, evidence to support completion of the induction process requires improvement.  The is an opportunity for the Council to have a more structured approach to Succession Planning, by introducing a Policy or Framework; this would help to reduce the risk to business continuity when key staff leave the Councils' employment.  There is an extensive learning and development programme available to employees which is now managed though a web based e-learning system, supported by the Learning and Development Team.	1	2	1	
<b>Refuse and Recycling</b>  Risk / ANA: ANA – High Spar 4x4=16 High/ Red No data	Good Standard  Status: Final	The measures in place to ensure that the Waste Transfer Station activities complies with the Environment Agency license operate to a high standard. Responsibilities within the management system are clear, procedures have been followed correctly, and all documented evidence is retained where necessary. The current agreement with Exeter CC for obtaining the best prices for certain recyclables works well and all evidence of prices is retained and monitored. The agreement needs to be formalised to ensure that responsibilities, ethical requirements, procedures and timescales are clearly defined. The Chargeable Garden Waste Scheme currently operates adequately, but there are areas of the administration process that require improvement to ensure greater efficiency.	1	3	0	
<b>Housing Repairs Stores Stocktake</b>  Risk / ANA: ANA – Low Client request	High Standard  Status: Final	Procedures are effective for ensuring a reliable stock take is undertaken. Variances from stock overall are lower than previously showing improvement. The net adjustment to stock records is minimal and a review is being completed of variances for improvement purposes.	0	1	0	

The following audits have been completed:

- draft reports are being prepared - Housing Benefits,

No material concerns have been identified with these reviews. Opinions will be provided in the November progress report.

The remaining plan work is scheduled for completion by the year end.

## Appendix 2 – Performance Indicators

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Incomplete Audits	Year	Recommendations												Direction of Travel R,A,G	Comments
		High			Medium			Low			Total				
		C	N	O	C	N	O	C	N	O	C	N	O		
Creditors	2017	1			1		1	1			3	0	1		
Income & Cash Collection	2017					1	2	1	1		1	2	2		
Main Accounting System	2017				3	1		1			4	1	0		
Council Tax & NNDR	2017	3			2			1			6	0	0		
Trade Waste	2017				4			2			6	0	0		
Payroll	2017	2	1		5	2					7	3	0		New form currently being tested
Treasury	2017	2			1	1					3	1	0		
Appraisals & Training	2015	1			13		1	2			16	0	1		Setting of performance indicators
Care Services - Alarm Call	2017	2	1	1	3						5	1	1		Data sharing agreement - in progress for completion Sept. 2018
Customer Care & Complaints	2017				3	2	1		1		3	3	1		
Development Management S106	2017			2		3					0	3	2		"S106 agreements from 2009 onwards have now been captured on a master spreadsheet and payments cross checked against the financial ledger.
Electronic Payments/ Online Forms	2017	1			1		1				2	0	1		
Emergency Planning	2015				3		1	1			4	0	1		Business Continuity Plan - documents available and training provided
Environmental Health	2017				13		2			1	13	0	3		
Housing H&S Management	2017	2			8		1				10	0	1		Performance indicator needs to be set up and scored
ICT Inventory	2017	2			2		2				4	0	2		
Insurance	2017	1			1	2			1		2	3	0		
Legal Services	2015				2		2				2	0	2		Date extended, digital archiving system required
Planning - Enforcement	2017				6		1				6	0	1		
Safeguarding	2017	1			3	1					4	1	0		
Sickness & Other Time Off	2016				6		2				6	0	2		Policy update required
Standby	2016				2		1				2	0	1		Will be taken into account during a review of the whole Standby service, due by the end of 2018.
Travel & Subsistence	2017	1	1		2			1			4	1	0		
Vehicles & Fuel	2015	5			6		1				11	0	1		Transport policy (fleet management)
		24	3	3	90	13	19	10	3	1	124	19	23		

CORE
SYSTEM

C = Completed




75%

N= Not yet due

11%

O= Overdue

14%

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](mailto:robert.hutchins@devonaudit.gov.uk).



**AUDIT COMMITTEE**  
**18 SEPT 2018**

**AGENDA ITEM:**

## **Effectiveness of the Audit Committee - Self-Assessment**

**Cabinet Member**                      **Cllr Peter Hare-Scott**  
**Responsible Officer**              **Audit Manager, David Curnow**

**Reason for Report:**              To consider the Chartered Institute of Public Finance and Accountancy (CIPFA) self-assessment checklist for Audit Committees.

**RECOMMENDATION(S):** It is for Members to acknowledge their performance in their role as the Audit Committee against the CIPFA checklist and to decide in which areas they have evidence of their effectiveness and which areas they would suggest could be developed further.

The Checklist should be completed to show the Committee's achievements so far against the CIPFA requirements and to identify any improvements or amendments that could be taken forward.

### **INTRODUCTION**

It is acknowledged best practice for audit committees of local authorities to comply with the guidance provided by CIPFA. In accordance with this Members approved the adoption of the statement of purpose, core functions and terms of reference for the Audit & Governance Committee and these are set out in the Council's Constitution. There are diverse aspects to the role of Members appointed to an audit committee and CIPFA provide a useful self-assessment checklist that can be used periodically to monitor the effectiveness of an Audit Committee. It is timely to consider progress and identify any further improvements that can be taken forward.

In March 2018 CIPFA (Chartered Institute of Public Finance & Accountancy) issued updated guidance on the function and operation of audit committees, including an updated "self-assessment of good practice" (see Appendix A) showing areas where it is known the Audit and Governance Committee meet Good Practice.

The new / updated elements of the checklist are shown in italic and blue text in Appendix A to this report. The checklist has initially been completed by the DAP Partnership Manager and consultation with The Chair of Audit Committee, this is attached for consideration and update by the Committee.

**Relationship to Corporate Plan:** An effective Audit Committee plays a fundamental role in assisting the Council with its governance and assurance process.

**Financial Implications:**    None

**Legal Implications:**            None

**Compliance with Policies and Strategies:** Compliance with CIPFA guidance follows best practice.

**Risk Assessment:** If the Audit & Governance Committee is ineffective or perceived to be ineffective then the Council may receive no assurance on whether its governance arrangements, risk management and control environment are operating

adequately. This would lead to censure by the external auditors and any allegations of mismanagement and poor control could not be defended. This review provides an opportunity for the Committee to consider how effective it is and to address any improvements

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

**Contact for more Information:** David Curnow [dcurnow@middevon.gov.uk](mailto:dcurnow@middevon.gov.uk)  
01884 234237

**Circulation of the Report:** Leadership Team and Cabinet Member, DAP

**APPENDIX A CIPFA Self-Assessment Checklist –  
Measuring the Effectiveness of the Audit Committee  
September 2018**

Ref	Audit committee purpose and governance	Y	P	N	Comments / evidence / actions required
1	Does the authority have a dedicated audit committee?	Y			Committee established and meets regularly as described in Article 9 - Audit Committee of the Constitution
2	Does the audit committee report directly to full council?	Y			The Constitution provides that the Audit Committee can report to the Full Council / Cabinet or other bodies of the Council to fulfil its role.
3	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?	Y			Constitution, Article 9 – Role Responsibility for functions, (Scheme of delegation).
4	Is the role and purpose of the audit committee understood and accepted across the authority?	Y			Documented in the constitution. Reporting of minutes to Full Council Annual report to Full Council
5	Does the audit committee provide support to the authority in meeting the requirements of good governance?	Y			The Audit Committee helps to set the “tone from the top” challenges control and performance in the reports it receives and makes an Annual Report to the Full Council. Our external auditors (Grant Thornton) provide their reports on their work, which is concluded in the Annual Audit & Inspection Letter and the Annual Governance Review; and these are specifically reported to A&G. The committee agree the internal audit plan and monitor performance of this throughout the year. The Councils Risk management and performance arrangements and other agency's reports are considered as part of the Committee's review for the Annual Governance Statement.
6	Are the arrangements to hold the committee to account for its performance operating satisfactory?	Y			Minutes of the Committee show this (e.g. risk management strategies; internal control statements; anti-fraud arrangements; whistle-blowing strategies) and are reported to Full Council for information and A qualified and experienced Independent member appointed to the Committee provides support and challenge
Ref	Functions of the committee	Y	P	N	Comments / evidence / actions required
7	Do the committee's terms of reference explicitly address all the core areas identified in the CIPFA Position Statement? <ul style="list-style-type: none"> <li>• Good governance</li> <li>• Assurance framework <i>including partnerships and collaboration arrangements</i></li> <li>• Internal audit</li> <li>• External audit</li> <li>• Financial reporting</li> <li>• Risk management</li> </ul>	Y	P		Constitution, Article 9 set the terms of reference (ToR) for the Audit Committee which include most key elements - responsibility for functions and proceedings.  <i>The ToR don't say this, but the AGS refers to “Monitoring Reports from Key Partnerships and other External Bodies”. The Audit Charter and Strategy refer to the Audit Partnership in support of the assurance framework.</i> <b><i>Amend the terms of reference to include ‘other assurance bodies’</i></b>

	<ul style="list-style-type: none"> <li>Value for money or best value</li> <li>Counter-fraud and corruption.</li> <li><i>supporting the ethical framework</i></li> </ul>		P		<p><i>The ToR don't say this, but DAP took Ethics and Values internal audit reports to the Audit Committee.(February 2015).</i></p> <p><b><i>Amend the terms of reference to include Ethical Framework</i></b></p>
8	Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	Y			<p>Annual assessment of the business of the Committee and annual report is prepared by the Chair of Audit Committee and reported to Full Council..</p> <p>Internal Audit Annual Report confirms – must comply with the Public Sector Internal Audit Standards (PSIAS) – an external review carried out in December 2016 confirmed this.</p>
9	Has the audit committee considered the wider areas identified in CIPFA's position statement and whether it would be appropriate for the committee to undertake them?		P		<p>The Leadership, Section 151 Officer or Monitoring Officer and Committees may refer any relevant matters to the Audit Committee for consideration.</p> <p><i>Specific wider areas mentioned in the position statement: Treasury management, Ethics or oversight of other public reports are not specifically referred to the Audit Committee for assurance purposes though the business is considered by other committees.</i></p> <p><b><i>Consider extending the remit as presented by CIPFA</i></b></p>
10	Where coverage of core areas as been found to be limited, are plans in place to address this?	Y	P		Coverage is considered appropriate, but if consideration from ref 7 and 9 suggest otherwise then such plans will be prepared.
11	Has the committee maintained its on-advisory role by not taking on any decision-making powers that are not in line with its core purpose?	Y			<p>The Committee is not a decision making body</p> <p>Full Council receive reports on Treasury Management and it may be duplication for AC to consider this as well..</p>
Ref	<b>Membership and support</b>	Y	P	N	<b>Comments / evidence / actions required</b>
12	<p>Has an effective audit committee structure and composition of the committee been selected?</p> <p>This should include:</p> <ul style="list-style-type: none"> <li>Separation from the executive</li> <li>An appropriate mix of knowledge and skills among the membership</li> <li>A size of commitment is not unwieldy</li> <li><i>consideration has been given to the inclusion of at least one independent member (where it is not already a mandatory requirement)</i></li> </ul>	Y			<ul style="list-style-type: none"> <li>The constitution specifies 7 members; quorum of 4</li> <li>Some Members also sit on Development Groups, Standards and Scrutiny Committees.</li> <li>Any decisions which pose a conflict would be declared.</li> <li>There is one Independent member</li> </ul>
13	<i>Have independent members appointed to the committee been recruited in an open and transparent way and approved by the full council as appropriate for the organisation?</i>	Y			Approved at Council early 2017
14	Does the chair of the committee have appropriate knowledge and skills?	Y			<p>Chair has knowledge and skills through experience.</p> <p>Training provided by DAP at Jan and March 2018 committee meetings.</p>

15	Are arrangements in place to support the committee with briefings and training?	Y		<ul style="list-style-type: none"> <li>Briefings included on agenda as required</li> <li>Members invited on training/briefing sessions as they arise. Members attended a briefing session arranged by DAP &amp; SWAP at Buckfast Abbey and Sparkford.</li> <li>Training on the AGS process is provided each year as necessary.</li> <li>Training to be provided by DAP at Jan and March 2018 committee meetings on Governance / the role of audit committees</li> </ul>
16	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?		P	<p>Consideration of skills has been made independently by members and training has been provided as stated in 15 above.</p> <p><i>Skills Self-assessment has not been completed.</i>  <b>Complete the skills Self-Assessment and identify training needs (Post May 2019)</b></p>
17	Does the committee have good working relationships with key people and organisations, including external audit, internal audit and the chief financial officer?	Y		The A&G minutes show this to be the case
18	Is adequate secretariat and administrative support to the committee provided?	Y		Democratic Services draw up the agenda, circulate committee papers, and prepare/publish minutes. The Chair to discuss forthcoming agenda items at committee.
19	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	Y		<p>The Chair has sought feedback from the committee on performance.</p> <p>The Committee reports to both Cabinet and Full Council; feedback is provided if and where required from either.</p>
20	<i>Are meetings effective with a good level of discussion and engagement from all the members?</i>	Y		Meetings are considered to be effective. Members are engaged and ask relevant and appropriate questions of officers to further inform the assurance that they are being provides.
21	<i>Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?</i>	Y		<p>Re engaging with leaders and managers a recent example has been on updates to Planning S106, (where the Senior Solicitor updated the committee on the progress) GDPR, and 3 Rivers. The S151 confirmed that training days would be held for members with regards to 3 Rivers.</p> <p>Re discussion of audit findings, risks and action plans. All internal audit reports are circulated to AC members in full, with a summary included within the committee papers. Regular questions are asked on performance stats and progress against audit recommendations. Officers are called where required.</p>
22	<i>Does the committee make recommendations for the improvement of governance, risk and control and are these acted on?</i>	Y		<p>The Audit Committee plays an active role in the improvement of governance, risk and control.</p> <p>Members challenge the S151 to ensure that audit recommendations are implemented and that mitigating controls are achieving the desired effect.</p>

					<p>Members take a keen and active interest in ensuring agreed actions are implemented. Discussion at the May 2018 meeting, and agreed minutes, provide good evidence of member involvement e.g.</p> <p><i>Members raised concerns about the management and control framework of 3 Rivers and a training session is to be provided for understanding.</i></p> <p><i>The training sessions in Jan and March 2018 from DAP Audit elicited requests from members to extend the Risk Register with new risks</i></p>
23	<i>Has the committee evaluated whether and how it is adding value to the organisation?</i>		P		<p>The annual report recognises changes and improvements to the internal audit arrangements and committee processes.</p> <p><i>No formal assessment has been made of how the Committee 'Adds Value' to the Council.</i></p> <p><b><i>Review how this can be achieved and the most effective method for assessment and delivery where action is felt necessary (links to Qs 7 &amp; 9).</i></b></p>
24	<i>Does the committee have an action plan to improve any areas of weakness?</i>		P		<p>The Committee has consider its needs and made some improvements as required. For example, a training need may be required, and training from officers will be requested (see Q15 for other improvement opportunities).</p> <p><i>No formal assessment has been made of the Committee's core 'strengths and weaknesses'.</i></p> <p><b><i>Review how this can be achieved and the most effective method for assessment and delivery where action is felt necessary (links to Q16).</i></b></p>
25	<i>Does the committee publish an annual report to account for its performance and explain its work?</i>	Y			<p>Annual report of the Chair of Audit Committee was agreed at Audit Committee in March 2018 and presented to Full Council following this.</p>

# Audit Progress Report and Sector Update

Mid Devon District Council  
Year ending 31 March 2019

13 September 2018



Agenda Item 10.

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# Introduction



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

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

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

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 September 2018

## 2017/18 Audit

We have completed our audit of the Council's 2017/18 financial statements. Our audit opinion, including our value for money conclusion and certificate of audit closure was issued on the 24 July 2018.

We issued:

- An unqualified opinion on the Council's financial statements; and
- An unqualified value for money conclusion on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources.

We have issued all our deliverables for 2017/18 and have concluded our work on the 2017/18 financial year. Our Annual Audit Letter, summarising the outcomes of our audit is included as a separate agenda item.

## 2018/19 Audit

We have begun our planning processes for the 2018/19 financial year audit.

Our detailed work and audit visits will begin later in the year and we will discuss the timing of these visits with management. In the meantime we will:

- continue to hold regular discussions with management to inform our risk assessment for the 2018/19 financial statements and value for money audits;
- review minutes and papers from key meetings; and
- continue to review relevant sector updates to ensure that we capture any emerging issues and consider these as part of audit plans.

## Other areas

### Certification of claims and returns

We are required to certify the Council's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions. This certification work for the 2018/19 claim will be concluded by November 2018. At the time of writing this report our detailed testing was in progress.

The results of the certification work are reported to you in our certification letter.

We are currently carrying out certification work for the Council in relation to funding received from the Homes and Communities Agency. We will update members of the outcome following completion of our work.

### Meetings

We met with Finance Officers in July as part of our quarterly liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective. We will also meet with your Chief Executive to discuss the Council's strategic priorities and plans.

### Events

We provide a range of workshops, along with network events for members and publications to support the Council. We will ensure members and officers receive timely invites to all events. Further details of the publications that may be of interest to the Council are set out in our Sector Update section of this report.

# Audit Deliverables

2018/19 Deliverables	Planned Date	Status
<b>Fee Letter</b> Confirming audit fee for 2018/19.	April 2018	Complete
<b>Accounts Audit Plan</b> We are required to issue a detailed accounts audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2018-19 financial statements.	January 2019	Not yet due
<b>Interim Audit Findings</b> We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.	March 2019	Not yet due
<b>Audit Findings Report</b> The Audit Findings Report will be reported to the July Audit Committee.	July 2019	Not yet due
<b>Auditors Report</b> This is the opinion on your financial statement, annual governance statement and value for money conclusion.	July 2019	Not yet due
<b>Annual Audit Letter</b> This letter communicates the key issues arising from our work.	August 2019	Not yet due
<b>Annual Certification Letter</b> This letter reports any matters arising from our certification work carried out under the PSAA contract.	December 2019	Not yet due

# Sector Update

Local government finances are at a tipping point. Councils are tackling a continuing drive to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider NHS and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website

# CIPFA consultation – Financial Resilience Index

The Chartered Institute of Public Finance and Accountancy (CIPFA) has consulted on its plans to provide an authoritative measure of local authority financial resilience via a new index. The index, based on publically available information, will provide an assessment of the relative financial health of each English council.

CIPFA has designed the index to provide reassurance to councils who are financially stable and prompt challenge where it may be needed. To understand the sector's views, CIPFA invited all interested parties to respond to questions it has put forward in the consultation by the 24 August.

The decision to develop an index is driven by CIPFA's desire to support the local government sector as it faces a continued financial challenge. The index will not be a predictive model but a diagnostic tool – designed to identify those councils displaying consistent and comparable features that will highlight good practice, but crucially, also point to areas which are associated with financial failure. The information for each council will show their relative position to other councils of the same type. Use of the index will support councils in identifying areas of weakness and enable them to take action to reduce the risk of financial failure. The index will also provide a transparent and independent analysis based on a sound evidence base.

The proposed approach draws on CIPFA's evidence of the factors associated with financial stress, including:

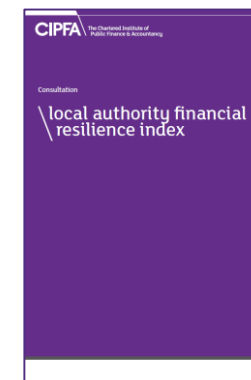
- running down reserves
- failure to plan and deliver savings in service provision
- shortening medium-term financial planning horizons.
- gaps in saving plans
- departments having unplanned overspends and/or undelivered savings.

Conversations with senior practitioners and sector experts have elicited a number of additional potential factors, including:

- the dependency on external central financing
- the proportion of non-discretionary spending – e.g. social care and capital financing - as a proportion of total expenditure
- an adverse (inadequate) judgement by Ofsted on Children's services
- changes in accounting policies (including a change by the council of their minimum revenue provision)
- poor returns on investments
- low level of confidence in financial management.

The consultation document proposes scoring six key indicators:

1. The level of total reserves excluding schools and public health as a proportion of net revenue expenditure.
2. The percentage change in reserves, excluding schools and public health, over the past three years.
3. The ratio of government grants to net revenue expenditure.
4. Proportion of net revenue expenditure accounted for by children's social care, adult social care and debt interest payments.
5. Ofsted overall rating for children's social care.
6. Auditor's VFM judgement.



# MHCLG – Social Housing Green Paper

The Ministry of Housing, Communities and Local Government (MHCLG) published the Social Housing Green Paper, which seeks views on government's new vision for social housing providing safe, secure homes that help people get on with their lives.

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With 4 million households living in social housing and projections for this to rise annually, it is crucial that MHCLG tackle the issues facing both residents and landlords in social housing.

The Green Paper aims to rebalance the relationship between residents and landlords, tackle stigma and ensure that social housing can be both a stable base that supports people when they need it and also support social mobility. The paper proposes fundamental reform to ensure social homes provide an essential, safe, well managed service for all those who need it.

To shape this Green Paper, residents across the country were asked for their views on social housing. Almost 1,000 tenants shared their views with ministers at 14 events across the country, and over 7,000 people contributed their opinions, issues and concerns online; sharing their thoughts and ideas about social housing,

The Green Paper outlines five principles which will underpin a new, fairer deal for social housing residents:

- Tackling stigma and celebrating thriving communities
- Expanding supply and supporting home ownership
- Effective resolution of complaints
- Empowering residents and strengthening the regulator
- Ensuring homes are safe and decent

Consultation on the Green Paper is now underway, which seeks to provide everyone with an opportunity to submit views on proposals for the future of social housing and will run until 6 November 2018.

The Green Paper presents the opportunity to look afresh at the regulatory framework (which was last reviewed nearly eight years ago). Alongside this, MHCLG have published a Call for Evidence which seeks views on how the current regulatory framework is operating and will inform what regulatory changes are required to deliver regulation that is fit for purpose.

The Green Paper acknowledges that to deliver the social homes required, local authorities will need support to build by:

- allowing them to borrow
- exploring new flexibilities over how to spend Right to Buy receipts
- not requiring them to make a payment in respect of their vacant higher value council homes

As a result of concerns raised by residents, MHCLG has decided not to implement at this time the provisions in the Housing and Planning Act to make fixed term tenancies mandatory for local authority tenants.

The Green Paper is available on the MHCLG's website at:  
<https://www.gov.uk/government/consultations/a-new-deal-for-social-housing>

## Social Housing Green Paper Consultation

### Challenge question:

What does the Social Housing Green Paper mean for your Council?



# MHCLG – Business rate pilots

The Secretary of State has invited more councils to apply for powers to retain the growth in their business rates under the new pilots. The pilots will see councils rewarded for supporting local firms and local jobs and ensure they benefit directly from the proceeds of economic growth.

From April 2019, selected pilot areas will be able to retain 75% of the growth in income raised through business rates, incentivising councils to encourage growth in business and on the high street in their areas. This will allow money to stay in communities and be spent on local priorities - including more funding to support frontline services.

This follows the success of previous waves of business rates retention pilots, launched in a wide range of areas across country in 2017 and 2018.

The current 50% business rates retention scheme is yielding strong results and in 2018 to 2019 it is estimated that local authorities will keep around £2.4 billion in business rates growth.

Findings from the new round of pilots will help the government understand how local authorities can smoothly transition into the proposed system in 2020.

Proposals will need to show how local authorities would 'pool' their business rates and work collaboratively to promote financial sustainability, growth or a combination of these.

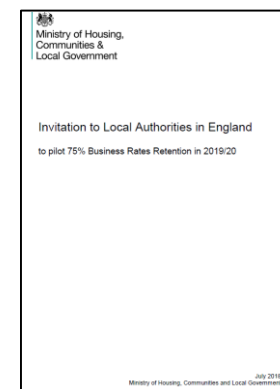
Alongside the pilots, the government will continue to work with local authorities, the Local Government Association, and others on reform options that give local authorities more control over the money they raise and are sustainable in the long term.

The invitation is addressed to all authorities in England, excluding those with ongoing business rates retention pilots in devolution areas and London. Due to affordability constraints, it may be necessary to assess applications against selection criteria, which will include:

- Proposed pooling arrangements operate across a functional economic area
- Proposal demonstrates how pooled income from growth will be used across the pilot area to either boost further growth, promote financial sustainability or a combination of these
- Proposal sets out robust governance arrangements for strategic decision-making around management of risk and reward and outlines how these support the participating authorities' proposed pooling arrangements

Any proposals will need to show that all participating authorities have agreed to become part of the suggested pool and share additional growth as outlined in the bid. The Section 151 officer of each authority will need to sign off the proposal before submission.

Proposal for new pilots must be received the MHCLG by midnight on Tuesday 25<sup>th</sup> September 2018.



# Institute of Fiscal Studies: Impact of 'Fair Funding Review'

The IFS has published a paper that focuses on the issues arising in assessing the spending needs of different councils. The government's 'Fair Funding Review' is aimed at designing a new system for allocating funding between councils. It will update and improve methods for estimating councils' differing abilities to raise revenues and their differing spending needs. The government is looking for the new system to be simple and transparent, but at the same time robust and evidence based.

## Accounting for councils' spending needs

The IFS note that the Review is seeking a less subjective and more transparent approach which is focused on the relationship between spending and needs indicators. However, like any funding system, there will be limitations, for example, any attempt to assess needs will be affected by the MHCLG's funding policies adopted in the year of data used to estimate the spending needs formula. A key consideration will be the inherently subjective nature of 'spending needs' and 'needs indicators', and how this will be dealt with under any new funding approach. Whilst no assessment of spending needs can be truly objective, the IFS state it can and should be evidence based.

The IFS also note that transparency will be critical, particularly in relation to the impact that different choices will have for different councils, such as the year of data used and the needs indicators selected. These differentiating factors and their consequences will need to be understood and debated.

## Accounting for councils' revenues

The biggest source of locally-raised revenue for councils is and will continue to be council tax. However, there is significant variation between councils in the amount of council tax raised per person. The IFS identify that a key decision for the Fair Funding Review is the extent to which tax bases or actual revenues should be used for determining funding levels going forward.

Councils also raise significant sums of money from levying fees and charges, although this varies dramatically across the country. The IFS note that it is difficult to take account of these differences in a new funding system as there is no well-defined measure of revenue raising capacity from sales, fees and charges, unlike council tax where the tax base can be used.

## The overall system: redistribution, incentives and transparency

The IFS also identify that an important policy decision for the new system is the extent to which it prioritises redistribution between councils, compared to financial incentives for councils to improve their own socio-economic lot. A system that fully and immediately equalises for differences in assessed spending needs and revenue-raising capacity will help ensure different councils can provide similar standards of public services. However, it would provide little financial incentive for councils to tackle the drivers of spending needs and boost local economics and tax bases.

Further detail on the impact of the fair funding review can be found in the full report <https://www.ifs.org.uk/uploads/publications/comms/R148.pdf>.





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# Links

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## Grant Thornton website links

<https://www.grantthornton.co.uk/>

<http://www.grantthornton.co.uk/industries/publicsector>

## National Audit Office link

<https://www.nao.org.uk/report/the-health-and-social-care-interface/>

## Ministry of Housing, Communities and Local Government links

<https://www.gov.uk/government/news/social-housing-green-paper-a-new-deal-for-social-housing>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/728722/BRR\\_Pilots\\_19-20\\_Prospectus.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/728722/BRR_Pilots_19-20_Prospectus.pdf)

## Institute for Fiscal Studies

<https://www.ifs.org.uk/uploads/publications/comms/R148.pdf>



# Annual Audit Letter

*Year ending 31 March 2018*

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Mid Devon District Council

8 August 2018

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Your key Grant Thornton  
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# Executive Summary

## Purpose

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at Mid Devon District Council (the Council) and its subsidiary (the group) for the year ended 31 March 2018.

This Letter is intended to provide a commentary on the results of our work to the Council and external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this Letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'. We reported the detailed findings from our audit work to the Council's Audit Committee as those charged with governance in our Audit Findings Report on 16 July 2018.

## Respective responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Council and group's financial statements (section two)
- assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the Council and group's financial statements, we comply with International Standards on Auditing (UK) (ISAs) and other guidance issued by the NAO.

## Our work

Materiality	We determined materiality for the audit of the group's financial statements to be £0.935m, which is 2% of the Council's gross revenue expenditure. Group and single entity materiality were both set at £0.935m. This was due to the immaterial impact on the groups statements of the company; with the single entity making up a significant proportion of the balances.
Financial Statements opinion	We gave an unqualified opinion on the Group's financial statements on 24 July 2018.
Whole of Government Accounts (WGA)	We completed work on the Council's consolidation return following guidance issued by the NAO.
Use of statutory powers	We did not identify any matters which required us to exercise our additional statutory powers.

# Executive Summary

Value for Money arrangements	We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources. We reflected this in our audit report to the Council on 24 July 2018.
Certification of Grants	We also carry out work to certify the Council's Housing Benefit subsidy claim on behalf of the Department for Work and Pensions. Our work on this claim is not yet complete and will be finalised by 30 November 2018. We will report the results of this work to the Audit Committee in our Annual Certification Letter.
Certificate	We certify that we have completed the audit of the accounts of Mid Devon District Council in accordance with the requirements of the Code of Audit Practice.

## Working with the Council

During the year we have delivered a number of successful outcomes with you:

- An efficient audit – we delivered an efficient audit with you in June, delivering the accounts 5 days before the deadline, releasing your finance team for other work.
- We have made recommendation to improve internal controls in relation to the Council and the Group.
- Sharing our insight – we provided regular audit committee updates covering best practice. We also shared our thought leadership reports
- Providing training – we provided your teams with training on financial accounts and annual reporting. We also provided Housing Benefit Training to your team as well as insight into future certification arrangements.
- We have had dialogue throughout the period on emerging technical issues and have offered our thoughts and challenge where appropriate. An example of this was the very detailed consideration of the Premier Inn lease classification. More details on this are set out on page 7 of this report.

We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff.

**Grant Thornton UK LLP**  
**August 2018**

# Audit of the Accounts

## Our audit approach

### Materiality

In our audit of the Group's financial statements, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for the audit of the group accounts to be £0.935m, which is 2% of the Council's gross revenue expenditure. Group and single entity materiality were both set at £0.935m. This was due to the immaterial impact on the groups statements of the company; with the single entity making up a significant proportion of the balances. We used this benchmark as, in our view, users of the group and Council's financial statements are most interested in where the group and Council has spent its revenue in the year.

We set a lower threshold of £46,750, above which we reported errors to the Audit Committee in our Audit Findings Report.

### The scope of our audit

Our audit involves obtaining sufficient evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error. This includes assessing whether:

- the accounting policies are appropriate, have been consistently applied and adequately disclosed;
- the significant accounting estimates made by management are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the remainder of the Statement of Accounts, the narrative report, and annual governance statement published alongside the Statement of Accounts to check they are consistent with our understanding of the Group and with the financial statements included in the Statement of Accounts on which we gave our opinion.

We carry out our audit in accordance with ISAs (UK) and the NAO Code of Audit Practice. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach is based on a thorough understanding of the Group's business and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

# Audit of the Accounts

## Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p><b>Improper revenue recognition</b></p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we determined that the risk of fraud arising from revenue recognition could be rebutted, because:</p> <ul style="list-style-type: none"> <li>• there is little incentive to manipulate revenue recognition.</li> <li>• opportunities to manipulate revenue recognition are very limited as a large proportion of income comes from general government grants, HB subsidy Council Tax and NDR ; and</li> <li>• The culture and ethical frameworks of local authorities, including Mid Devon District Council, mean that all forms of fraud are seen as unacceptable.</li> </ul> <p>Therefore we did not consider this to be a significant risk for Mid Devon District Council.</p>	
<p><b>Management override of controls</b></p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities. Management over-ride of controls is a risk requiring special audit consideration.</p>	<p>As part of our audit work we have:</p> <ul style="list-style-type: none"> <li>• reviewed accounting estimates, judgements and decisions made by management;</li> <li>• tested journal entries;</li> <li>• reviewed unusual significant transactions, and</li> <li>• reviewed significant related party transactions outside the normal course of business.</li> </ul>	<p>Our audit work did not identified any issues in respect of management override of controls.</p>
<p><b>Valuation of pension fund net liability</b></p> <p>The Council's pension fund asset and liability as reflected in its balance sheet represent a significant estimate in the financial statements.</p> <p>We identified the valuation of the pension fund net liability as a risk requiring special audit consideration.</p>	<p>As part of our audit work we have:</p> <ul style="list-style-type: none"> <li>• identified the controls put in place by management to ensure that the pension fund net liability was not materially misstated and assessed whether those controls were implemented as expected and whether they were sufficient to mitigate the risk of material misstatement;</li> <li>• reviewed the competence, expertise and objectivity of the actuary who carried out the Council's pension fund valuation;</li> <li>• gained an understanding of the basis on which the IAS 19 valuation were carried out, undertaking procedures to confirm the reasonableness of the actuarial assumptions made, and</li> <li>• reviewed the consistency of the pension fund net liability disclosures in notes to the financial statements with the actuarial report from your actuary.</li> </ul>	<p>Our audit work did not identified any issues in relation to this risk.</p>



# Audit of the Accounts

## Significant Audit Risks (cont)

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p><b>Valuation of property, plant and equipment</b></p> <p>The Council revalues its land and buildings on an annual basis to ensure that carrying value is not materially different from fair value. This represents a significant estimate by management in the financial statements.</p> <p>We identified the valuation of land and buildings revaluations and impairments as a risk requiring special audit consideration.</p>	<p>As part of our audit work we have:</p> <ul style="list-style-type: none"> <li>• reviewed of management's processes and assumptions for the calculation of the estimate;</li> <li>• reviewed the competence, expertise and objectivity of any management experts used;</li> <li>• reviewed the instructions issued to valuation experts and the scope of their work;</li> <li>• discussed with the Council's valuer about the basis on which the valuations were carried out, challenging the key assumptions.</li> <li>• reviewed and challenged the information used by the valuer to ensure it was robust and consistent with our understanding.</li> <li>• tested revaluations made during the year to ensure they were input correctly into the Council's asset register; and</li> <li>• evaluated the assumptions made by management for those assets not revalued during the year and how management satisfied themselves that these were not materially different to current value.</li> </ul>	<p>Our work identified that depreciation had not been charged on seven assets. The Council have therefore understated depreciation by £0.052m. The accounts have been amended for this error.</p> <p>The Council accounted for a £0.900m lease with Premier Inn as finance in nature. We had ongoing discussion throughout the audit with management about the classification of this lease.</p> <p>It was concluded that the Council's classification as a finance lease was reasonable. Additional disclosures were however recommended and these were added into the critical judgements section of the financial statements setting out the key judgements.</p>

# Audit of the Accounts

## Reasonably Possible Audit Risks

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p><b>Employee remuneration</b> Payroll expenditure represents a significant percentage (31%) of the Council's operating expenses.</p> <p>As the payroll expenditure comes from a number of individual transactions and an interface with a sub-system there is a risk that payroll expenditure in the accounts could be understated. We therefore identified completeness of payroll expenses as a risk requiring particular audit attention.</p>	<p>As part of our audit work we have:</p> <ul style="list-style-type: none"><li>evaluated the Council's accounting policy for recognising payroll expenditure for appropriateness;</li><li>documented our understanding of processes and key controls over the transaction cycle;</li><li>Undertook a walkthrough of the key controls to assess the whether those controls were in line with our documented understanding;</li><li>reconciled payroll expenditure reported in the financial statements to total expenditure recorded in the payroll system; and</li><li>performed substantive analytical procedures.</li></ul>	<p>Our audit work did not identified any issues in relation to this risk.</p>
<p><b>Operating expenses</b> Non-pay expenses on other goods and services also represents a significant percentage of the Council's operating expenses. Management uses judgement to estimate accruals of un-invoiced costs.</p> <p>We identified completeness of non- pay expenses as a risk requiring particular audit attention.</p>	<p>As part of our audit work we have:</p> <ul style="list-style-type: none"><li>gained an understanding of the Council's system for accounting for non-pay expenditure and evaluated the design of the associated controls;</li><li>evaluated the Council's accounting policy for recognition of non-pay expenditure for appropriateness;</li><li>agreed creditors to the ledger;</li><li>Substantively tested significant creditor balances; and</li><li>reviewed after date payments to ensure all liabilities have been identified.</li></ul>	<p>Our audit work did not identified any issues in relation to this risk.</p>

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# Audit of the Accounts

## **Audit opinion**

We gave an unqualified opinion on the Group's financial statements on 24 July 2018, in advance of the national deadline.

## **Preparation of the accounts**

The Council/Group presented us with draft accounts in accordance with the national deadline, and provided a good set of working papers to support them. The finance team responded promptly and efficiently to our queries during the course of the audit.

## **Issues arising from the audit of the accounts**

We reported the key issues from our audit to the Council's Audit Committee on 16 July 2018 in our detailed audit findings report.

## **Annual Governance Statement and Narrative Report**

We are required to review the Council's Annual Governance Statement and Narrative Report. It published them on its website alongside the Statement of Accounts in line with the national deadlines.

Both documents were prepared in line with the CIPFA Code and relevant supporting guidance. We confirmed that both documents were consistent with the financial statements prepared by the Council and with our knowledge of the Council.

## **Whole of Government Accounts (WGA)**

We issued an assurance statement which confirmed the Council was below the audit threshold on 25 July 2018.

## **Other statutory powers**

We also have additional powers and duties under the Act, including powers to issue a public interest report, make written recommendations, apply to the Court for a declaration that an item of account is contrary to law, and to give electors the opportunity to raise questions about the Council's accounts and to raise objections received in relation to the accounts. We have not had cause to use any of these additional powers.

## **Certificate of closure of the audit**

We are also required to certify that we have completed the audit of the accounts of Mid Devon District Council in accordance with the requirements of the Code of Audit Practice.

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# Value for Money conclusion

## Background

We carried out our review in accordance with the NAO Code of Audit Practice, following the guidance issued by the NAO in November 2017 which specified the criterion for auditors to evaluate:

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

## Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the key risks where we concentrated our work.

The key risks we identified and the work we performed are set out overleaf.

As part of our Audit Findings report agreed with the Council in July 2018, we agreed recommendations to address our findings. These were:

- that the Council set out detailed savings plans and monitor progress against each of these;
- that the Council should review funding plans, in relation to 3 Rivers Ltd, to ensure the loan can be funded from capital resources. Where applicable to Council should obtain appropriate technical and accounting advice; and
- that the Council should review governance and monitoring arrangements, in relation to 3 Rivers Ltd, to ensure that these remain appropriate and on an arms length basis.

## Overall Value for Money conclusion

We are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2018.

# Value for Money conclusion

## Key Value for Money Risks

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p><b>Financial resilience</b></p> <p>Like the majority of Councils Mid Devon District Council face a significant financial challenge over the medium term. The Council is forecasting an overspend of £0.181m in 2017/18 and has a funding gap of £4.1m through to 2021/22. The Council currently has a General Fund Reserve of £2.241m, which is above the approved minimum level of £2.100m. Without action General Fund Reserves will be eroded 2020/21.</p> <p>In response to this risk we will review the significant assumptions made in the Council's medium term financial plan and progress towards closing the funding gap.</p>	<p>As part of our work we have:</p> <ul style="list-style-type: none"> <li>reviewed the Council's Medium Term Financial Plan and the key assumptions within it;</li> <li>reviewed the councils plans for closing the budget gap over the medium term;</li> <li>reviewed progress in delivering savings plans;</li> <li>discussed assumptions with key officers; and</li> <li>carried out a detailed going concern review.</li> </ul>	<p>Mid Devon District Council face a significant financial challenge over the medium term. The Council started 2017/18 with a £2.6m general fund balance and ended the year with £2.7m.</p> <p>The Council have a significant savings target, which at present is not monitored separately. These are however reported to Cabinet as part of budget monitoring.</p> <p>A key assumption made as part of the MTFP is that 100% pilot status is granted for business rates.</p> <p>The Council have a number of initiatives in play to increase revenues. For example the Premier Inn transaction which will increase business rates, and 3 Rivers which will increase revenues through new homes bonus and council tax revenues.</p> <p>Despite the challenges faced by the Council there are adequate arrangements in place to achieve financial resilience.</p>
<p><b>Housing Company arrangements</b></p> <p>During 2017/18 the Council set up 3 Rivers Development Company Ltd. This was incorporated at Companies House on 28 April 2017. This represents a new, innovative way to deliver services.</p> <p>In response to this risk we will review the Councils arrangements for setting up, monitoring and reporting the performance. We will also review the governance arrangements in place.</p>	<p>As part of our work we have:</p> <ul style="list-style-type: none"> <li>reviewed the decision making process followed by the Council when creating the company;</li> <li>discussed arrangements with senior officers;</li> <li>reviewed funding agreements;</li> <li>reviewed monitoring and reporting arrangements;</li> <li>reviewed the governance arrangements in place.</li> </ul>	<p>We reviewed the arrangements in place for setting up the company and found them to be adequate. The arrangements were however in their infancy and as such ongoing work needs to be undertaken by the Council to ensure that arrangements remain adequate. The key areas for the Council to consider going forward are:</p> <ul style="list-style-type: none"> <li>How the loan to the company will be funded,</li> <li>The ongoing monitoring of the company's performance (as noted in the revised AGS action plan), and</li> <li>A review of the governance arrangements to ensure that these remain appropriate and on an arms length basis.</li> </ul>

# A. Reports issued and fees

We confirm below our final reports issued and fees charged for the audit and other audit related services.

## Reports issued

Report	Date issued
Audit Plan	23 January 2018
Audit Findings Report	16 July 2018
Annual Audit Letter	6 August 2018

## Fees

	Planned £	Actual fees £	2016/17 fees £
Statutory Group audit	47,700	47,700	47,700
Housing Benefit Grant Certification	6,908	TBC	6,908
<b>Total fees</b>	<b>54,608</b>	<b>TBC</b>	<b>54,608</b>

The planned fees for the year were in line with the scale fee set by Public Sector Audit Appointments Ltd (PSAA)

## Fees for non-audit services

Service	Fees £
<b>Audit related services</b>	
- Certification of the Housing Capital Receipts grant	1,500
<b>Non-Audit related services</b>	
- None	N/A

## Non-audit services

- For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Group. The table above summarises all non-audit services which were identified.
- We have considered whether non-audit services might be perceived as a threat to our independence as the Group's auditor and have ensured that appropriate safeguards are put in place.

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



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