

Date: 17 September 2013
Contact Number: 01395 517525
E-mail: athompson@eastdevon.gov.uk



To: Members of the Audit and Corporate Governance Committee
(Councillors: Roger Boote, Peter Bowden, Bob Buxton
Steve Gazzard, Steve Hall, Tony Howard, Geoff Pook,
Ken Potter)

Councillor David Cox – Portfolio Holder, Finance
Councillor Ray Bloxham - Portfolio Holder, Corporate Business
Councillor Phil Twiss – Portfolio Holder, Corporate Services
Chief Executive
Deputy Chief Executives
Head of Service – Finance
Internal Audit, SWAP
External Audit, Grant Thornton
Planning Policy Manager

East Devon District Council
Knowle
Sidmouth
Devon
EX10 8HL
DX 48705 Sidmouth
Tel: 01395 516551
Fax: 01395 517507

www.eastdevon.gov.uk

Audit and Governance Committee
Thursday 26 September 2013
2.30pm
Council Chamber, Knowle, Sidmouth

Members of the public are welcome to attend this meeting.

- There is a period of 15 minutes at the beginning of the meeting to allow members of the public to ask questions.
- The Chairman has the right and discretion to control questions to avoid disruption, repetition and to make best use of the meeting time. The Chairman is entitled to interrupt the speaker to ask for their question to be put.
- In addition, the public may speak on items listed on the agenda. After a report has been introduced, the Chairman (Leader of the Council) will ask if any member of the public wishes to speak and/or ask questions.
- All individual contributions will be limited to a maximum period of 3 minutes – where there is an interest group of objectors or supporters, a spokesperson should be appointed to speak on behalf of the group.

AGENDA

Page/s

Part A

- 1 **Public question time** – standard agenda item (15 minutes)
Members of the public are invited to put questions to the Committee through the Chairman. Councillors also have the opportunity to ask questions of the Leader and/or Portfolio Holders during this time slot whilst giving priority at this part of the agenda to members of the public.
- 2 To confirm the minutes of the meeting of the Audit & Governance Committee held on 27 June 2013. 4 - 11
- 3 To receive any apologies for absence.
- 4 To receive any declarations of interests relating to items on the agenda.

5	To consider any items which in the opinion of the Chairman, should be dealt with as matters of urgency because of special circumstances. (Note: Such circumstances need to be specified in the minutes; any Member wishing to raise a matter under this item is requested to notify the Chief Executive in advance of the meeting).		
6	To agree any items to be dealt with after the public (including the press) have been excluded. There are no items which Officers recommend should be dealt with in this way.		
7	Statement of Accounts 2012/13		
	a) Financial Statement (plus Statement of Accounts booklet – separate attachment)	Head of Finance	12 – 15
	b) Annual Governance Statement	Head of Finance	16 – 22
	c) Letter of Representation	Head of Finance	23 – 25
	d) Report to those charged with Governance	External Auditors, Grant Thornton	26 - 56
8	Financial resilience review	External Auditors, Grant Thornton	57 - 88
9	Internal Audit Plan – Half Yearly Update 2013/14	SWAP	89 - 103
10	High Risk Review 2013/14	Management Information Officer	104 - 106
11	Forward plan	Head of Finance	107

Members remember!

- You must declare the nature of any disclosable pecuniary interests. [Under the Localism Act 2011, this means the interests of your spouse, or civil partner, a person with whom you are living with as husband and wife or a person with whom you are living as if you are civil partners]. You must also disclose any personal interest.
- You must disclose your interest in an item whenever it becomes apparent that you have an interest in the business being considered.
Make sure you say what your interest is as this has to be included in the minutes. [For example, 'I have a disclosable pecuniary interest because this planning application is made by my husband's employer'.]
- If your interest is a disclosable pecuniary interest you cannot participate in the discussion, cannot vote and must leave the room unless you have obtained a dispensation from the Council's Monitoring Officer or Standards Committee.

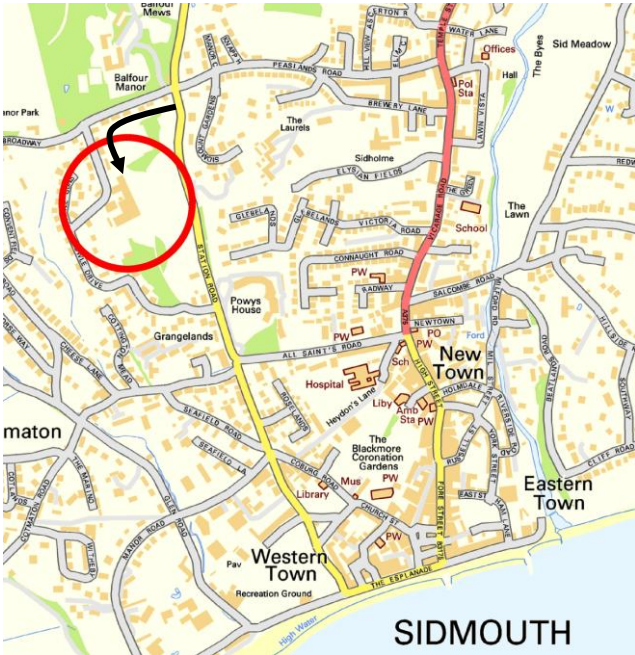
Decision making and equality duties

The Council will give due regard under the Equality Act 2010 to the equality impact of its decisions.

An appropriate level of analysis of equality issues, assessment of equalities impact and any mitigation and/or monitoring of impact will be addressed in committee reports.

Consultation on major policy changes will take place in line with any legal requirements and with what is appropriate and fair for the decisions being taken. Where there is a high or medium equalities impact Members will be expected to give reasons for decisions which demonstrate they have addressed equality issues.

Getting to the Meeting – for the benefit of visitors



The entrance to the Council Offices is located on Station Road, Sidmouth. **Parking** is limited during normal working hours but normally easily available for evening meetings.

The following **bus service** stops outside the Council Offices on Station Road: **From Exmouth, Budleigh, Otterton and Newton Popleford – 157**

The following buses all terminate at the Triangle in Sidmouth. From the Triangle, walk up Station Road until you reach the Council Offices (approximately ½ mile).

From Exeter – 52A, 52B; From Honiton – 52B; From Seaton – 52A; From Ottery St Mary – 379, 387

Please check your local timetable for times.

© Crown Copyright. All Rights Reserved. 100023746.2010

The Committee Suite has a separate entrance to the main building, located at the end of the visitor and Councillor car park. The rooms are at ground level and easily accessible; there is also a toilet for disabled users.

For a copy of this agenda in large print, please contact the Democratic Services Team on 01395 517546

EAST DEVON DISTRICT COUNCIL

Minutes of a Meeting of the Audit and Governance Committee held at Knowle, Sidmouth, on Thursday 27 June 2013

Present:	Councillors: Ken Potter (Chairman) Peter Bowden (Vice Chairman) Roger Boote Bob Buxton Steve Hall Geoff Pook
Officers:	Jo Avery, Management Information Officer Paul Bacon, ICT Design and Compliance Manger Simon Davey, Head of Finance Alethea Thompson, Democratic Services Officer
Internal Auditors:	Andrew Ellins, Audit Manager, South West Audit Partnership (SWAP)
External Auditors:	Barrie Morris, Public Sector Assurance Director, Grant Thornton
Apologies:	<u>Committee Members</u> Councillor David Cox Steve Gazzard Tony Howard

The meeting started at 2.30 pm and ended at 5.15 pm.

***1 Public questions**

No questions were raised by members of the public.

***2 Minutes**

The minutes of the meeting of the Audit and Governance Committee held on 14 March 2013 were confirmed and signed as a true record.

The Head of Finance reported that he had contacted Councillor Howard in response to a concern he had raised under minute 42 (14.03.13).

The ICT Design and Compliance Manger gave the Committee an update on the delivery of the ICT service continuity plan. Concerns had been raised at the last meeting (minute 47, 14.03.13 refers) over delays to the delivery of the plan. The ICT Design and Compliance Manger reported moving the equipment to Honiton was scheduled for 21 July 2013. However, this timescale was subject to a third party who were installing the communication lines. It was noted that the issue would be monitored through the Governance Action Plan and SWAP.

***2 Minutes (cont'd)**

A request was made for the names and contact numbers of staff in the Environmental Health Service (minute 48, 14.03.13 refers). The Head of Finance replied that contact points for all services were available on the Council's website and that by phoning the switchboard (or Home Safeguard out of office hours) customers would be directed to the relevant department.

3 Review of Internal Audit Charter

Members considered the report of the Audit Manager, South West Audit Partnership, concerning the Internal Audit Charter.

As a key element of its Governance arrangements the Council had a partnership arrangement with South West Audit Partnership Limited (SWAP). The new governance arrangements for SWAP Limited, together with new Public Sector Internal Audit Standards and some changes in role titles had been incorporated in to the Charter. The changes were highlighted for ease of reference.

RECOMMENDED: that the Internal Audit Charter revisions be approved.

***4 Annual Audit Report and Opinion – Review of 2012/13**

The report of the Audit Manager, South West Audit Partnership (SWAP) provided the outturn position for the Internal Audit Plan at the end of 2012/13 and also provided Internal Audit's overall opinion on the systems of internal control at East Devon District Council (EDDC).

There had been six reviews receiving audit opinion. Three of these audits had partial assurance (Leisure East Devon, Arts and Culture and Income Collection) and would be audited further in 2013/14. Most of the key control audits had improved assurances and all of the systems had received at least reasonable assurance.

In total 35 reviews were completed in 2012/13, including three currently in progress. E Procurement was the only deferral due to timings, but a special investigation on the Water Sampling Contract was added. The SWAP Audit Manager advised the Committee that considering the balance of audit work and outcomes, he was able to offer 'reasonable assurance' in respect of the areas reviewed during the year as the majority were found to be adequately controlled. Internal controls were in place and operating effectively and risks against the achievement objectives were well managed.

RESOLVED: that the content of the Internal Audit Annual Report and Opinion be noted.

*5 **Improving Council Governance: 'A slow burner'**

The Public Sector Assurance Director, Grant Thornton presented the local government governance review 2013 to the Audit and Governance Committee. The presentation covered the following topics:

- Why look at governance again now.
- The scope of the reviews.
- The wider context.
- Public facing governance accounts.
- Public facing governance explanatory foreword.
- Public facing governance Annual Governance Statement.
- Public facing governance annual reports.
- Behind the scenes: people, culture and behaviour.
- Behind the scenes: processes.
- Behind the scenes: risk management.
- Behind the scenes: partnership risk.
- Behind the scenes: scrutiny.
- Behind the scenes: Audit Committee.

The Committee were reminded that good governance was essential to both council leaders and the public. It supported leaders in making the right decisions, reduced the likelihood of things going wrong and protected them when problems occurred. It inspired confidence in the public that decisions were being taken for the right reasons, that the quality of service was protected and that public money was being spent wisely.

The main conclusions of the review with regard to public facing governance was that council annual accounts and associated documents were, by nature, not user friendly. Grant Thornton suggested ways that these communication vehicles could be improved and included some encouraging examples of where councils had started to do things differently. They believed that there was a compelling case for councils to produce annual reports. In relation to behind the scenes governance Grant Thornton concluded that council governance arrangements were well established and largely well regarded from within the organisation. With increased pressure on governance systems, councils should shift emphasis from ensuring compliance to facilitating effectiveness to get more value from their arrangements. Elected member and senior officer leadership was key.

The local government governance review 2013 put forward a case for councils to produce annual reports. Grant Thornton believed that accounts, explanatory forewords and Annual Governance Statements (AGS) were hard to understand and often not produced for the public. It was suggested that the Chairman of the Audit and Governance Committee should be invited to input into the writing of the AGS (normally written by the Audit Manager, the Section 151 Officer and the Monitoring Officer). Alternatively the draft AGS could be brought before the whole of the Audit and Governance Committee for their comments. It was noted that Audit Committees were seen as key strengths of council governance.

The presentation ended with some helpful tips for audit committee effectiveness and Members discussed the pros and cons of appointing co-opted independent members onto an Audit Committee.

***5 Improving Council Governance: 'A slow burner' (cont'd)**

On behalf of the Committee the Chairman thanked the Public Sector Assurance Director, Grant Thornton for his presentation.

RESOLVED: that the Chairman of the Audit and Governance Committee be invited to the officer meeting to discuss the Annual Governance Statement.

***6 Revenue and Capital Outturn Report 2012-13**

The Head of Finance presented his report on the Revenue and Capital outturn 2012/13, which had been received by Cabinet on 12 June 2013.

During 2012/13 monthly budget monitoring reports had informed members of the anticipated year end position. The outturn report contained the final position for the year and compared this outturn position against the budgets set. The report outlined the implications of these results on the Council's reserves.

The Head of Finance summarised the:

- General Fund position – savings against budget of £56,000 had been made. £4.084m was left in the General Fund Balance at year end, which was a healthy position. £3.874m was uncommitted for 2013/14 and £274,000 of this would be transferred to a 'New Homes Bonus Volatility Fund' as part of the strategy of preparing a balanced budget for 2014/15.
- Housing Revenue Account (HRA) position - significant savings of £2.326m had been made against budget. The year end HRA balance was £4.684m. £1.715m of this would be transferred into a 'Debt Repayment Volatility Fund' to safeguard the HRA against any fluctuations in its Business Plan.
- Capital Budget - the Capital Reserve at year end was £2.595m. Based on the current programme the Reserve would take the Council into 2016/17. However, this would be dependent on further scheme approvals and how they were funded.

The Committee were satisfied with the prudent measures that were being put in place and with the excellent forward planning.

Concern was expressed over the Council's financial contribution to the Thelma Hulbert Gallery and the Beehive project in Honiton. This included money within the budget, additional contributions, and future contributions which may be requested. The Audit and Governance Committee felt that they should scrutinise this and requested it be considered at the next meeting.

RESOLVED:

- 1 that the recommendations made to Cabinet, contained in the report, be noted.
- 2 that the Council's financial contributions to the Thelma Hulbert Gallery and the Beehive project be considered at the next meeting of the Audit and Governance Committee.

*7 **Risk management review**

Members considered the report of the Management Information Officer setting out risk information for the 2012/13 financial year until March 2013. Members were reminded that the Council's Risk Management Policy required all risks identified by the Council to be reviewed bi-annually. All risk owners had been asked to reassess the overall risk, update their control actions and re-score the risk. The Committee was pleased to note that the Risk Management process was becoming more embedded within the Council and that the risks in some services were being updated more regularly.

There were currently 18 strategic and 105 operational risks. The two risks which currently scored as high risk were:

- Failure to manage the Council's reputation through engagement with the press.
- Perceived reputation of the service by local community causes preventable demand through complaints.

All services were asked to review their risks as part of the service planning for 2013/14 and highlight any new and emerging risks. Following this there were three new risks:

- Failure of a private water supply.
- Economic downturn was affecting price per tonne for recycle, reducing income.
- Ability to respond to single issue pressure groups.

There were three risks with scores that had increased since the last review:

- Failure of correct procedures and practices causing challenges to decisions.
- Failure to carry out Food Safety and Health and Safety enforcement effectively.
- Council services are not delivered where and how customers need them.

There were eight risks which had had their scores reduced.

Members requested that the risk register to be considered at a future Committee meeting and suggested that a risk report be presented at every Audit and Governance Committee meeting. It was agreed that a report on high risks and actions taken would be brought to each meeting.

Concern was again expressed over the Council's level of financial contribution to the Thelma Hulbert Gallery (THG) and the Beehive project in Honiton. It was agreed that these should be included on the risk register and as already requested a report be made to the Committee on these two areas.

Concern was also expressed over the slow asset disposal process. Members requested a report from the Estate Management team seeking reassurance regarding the length of time taken to receive a response from the team and the time required for asset disposal. Members also asked for the Portfolio Holder for Finance and the Economy Portfolio Holder to attend the next meeting of the Audit and Governance Committee because of their role with the Asset Management Forum.

***7 Risk management review (cont'd)**

The Management Information Officer and the Head of Finance were thanked for their work on highlighting the risk register.

- RESOLVED:**
- 1 that the current status of risks until October 2013 be noted.
 - 2 that a risk register report be presented at every Audit and Governance Committee meeting.
 - 3 that the Thelma Hulbert Gallery and the Beehive project be included on the risk register.
 - 4 that the Estate Management team provide a report on their average response and asset disposal process times on requests made, with particular reference to requests from Town's and Parishes.
 - 5 that the Portfolio Holder Finance and the Portfolio Holder Economy be invited to attend the next Audit and Governance Committee meeting.

***8 Year end partnership review**

Members considered the report of the Management Information Officer setting out partnership information for the 2012/13 financial year until March 2013, which allowed the Committee to monitor the status of the Council's partnerships. This followed the year end review of partnerships by responsible officers for 2012/13.

There were currently ten partnerships defined under the Partnership Policy, to be reviewed annually. All the partnerships were active and met at least quarterly. There were no current budget issues with any of the partnerships, although most received some funding from EDDC. The report recommended that the Council's involvement with each of the partnerships continue and outlined the benefits of continued engagement.

Members discussed EDDC's shared services and shared Chief Executive with South Somerset District Council. The Head of Finance outlined the financial implications of the Chief Executive returning to EDDC fulltime. This had been factored into future spending predictions as a prudent measure

On behalf of the Committee the Chairman thanked the Management Information Officer for her work on the partnership review.

- RESOLVED:** that the current status of partnerships until March 2014 be noted.

*9 **Five year land supply update**

Members considered a report that updated the Committee on the Council's five year land supply position in the light of more recent housing commitment and completion data. Key facts were that :

- following the appeal inspector's recommendations, housing land supply for East Devon was below the required six years at just 4.71 years worth of supply;
- but that once the new Local Plan had been adopted post examination, there would in fact be a sufficient supply of housing land at 6.24 years worth of supply.

The main reason for the Council's lack of a five year supply was that it did not have an up to date plan. Officers believed that provided the plan was kept up to date and sufficient appropriate schemes were granted permission then there should not be a reason to fall short of housing land supply requirements in the future.

At its meeting in January 2013 the Audit and Governance Committee recommended the following (minute 37 refers):

- that Council recognises the concerns of the Audit and Governance Committee that without proper process and understanding there is a risk the authority will lose influence over EDDC's own vision and master plan for the district, and
- that Council put in place processes to make sure that the Council has a rolling valid five year housing land supply.

These recommendations were approved by full Council on 27 February 2013.

Members felt that this should now be Council policy and that the matter should not be going back to the Development Management Committee for debate and decision. Members were disappointed with the approach. They expressed concern that the risk for the Council continued (with regard to policy) and that the Council needed a rolling programme.

The Committee disagreed with the officer's report which stated that future annual monitoring of housing completions would continue to update the five year land supply on a yearly basis. They felt that this should be done on a rolling annual basis and that the recommendation was missing the words 'monitoring' and 'rolling'. The Committee rejected the recommendation contained in the report as they did not believe it was what the Audit and Governance Committee had previously put to Council. They were concerned that if the Council continued as it was, there would be small pockets of piecemeal development without the infrastructure to support it.

RESOLVED: that the Chairman and Vice Chairman meet with the Policy Manager and the Corporate Legal & Democratic Services Manager to discuss how to take the matter forward to Council.

*10 **Forward Plan 2013/14**

The Committee noted the contents of the forward plan for 2013/14.

Items to be considered at the September Committee included:

- Internal Audit Activity – Quarters 1& 2 2013/14
- Statement of Accounts and the Annual Governance Statement.
- Report to those charged with Governance.
- Thelma Hulbert Gallery and Beehive project – Portfolio Holder Finance and Portfolio Holder Economy be invited to attend.
- Risk register report.

RESOLVED: that the forward plan be noted.

Chairman Date

Agenda Item

Audit & Governance Committee

26 September 2013

SD



Statement of Accounts 2012/13

Summary

The Council's Statement of Accounts for 2012/13 has now been audited and is attached for presentation to the Audit & Governance Committee for approval.

Following the audit some presentation changes have been made to the Accounts and two minor amendments have been made; these adjustments do not affect the Council's usable reserves or balances. A report is contained on the Agenda from the Council's external auditors Grant Thornton detailing the work carried out and the audit conclusions.

This report compares the final position on the Council's Accounts compared with the position presented to members in the June Outturn Report to Committee.

Recommendation

Members Approve the 2012/13 Statement of Accounts.

a) Reasons for Recommendation

There is legal requirement for the Council to approve the Council's Statement of Accounts by 30 September; the Council has delegated this function to the Audit & Governance Committee.

b) Alternative Options

None considered.

c) Risk Considerations

The Council would not wish from a legal or reputation point of view not to meet the requirement of account approval.

d) Policy and Budgetary Considerations

The audit of the Statement of Accounts has not alter the financial position outlined to members of the Audit & Governance Committee and Cabinet in previous reports. Decisions made at that time by the Council do not require to be revisited in light of the audited Accounts.

e) Date for Review of Decision

Not applicable

1. Introduction

- 1.1 The Accounts and Audit Regulations 2011 set out the requirements for the production and publication of the Annual Statement of Accounts.
- 1.2 Within the regulations there is a requirement that a representative group of Members approve the Annual Statement of Accounts, by 30 September. The Council has delegated this responsibility to the Audit and Governance Committee.

2. Statement of Accounts 2012/13.

- 2.1 The Accounts were published in draft on 28 June 2013 and presented for audit, some minor amendments have been made as a consequence of the audit but the adjustments have not altered the usable reserves or balances of the Council as presented in the draft Accounts.
- 2.2 A report is contained on the Agenda from the Council's external auditors Grant Thornton detailing the work carried out and the audit conclusions. It is pleasing to note the auditors comments on the considerable improvements made in the quality of the Accounts presented compared with previous years.
- 2.3 The amended audited Statement of Accounts for 2012/13 is attached for approval. The explanatory foreword on pages 2 to 7 gives a brief summary as to the layout of the Accounts and the purpose of each of the main statements; comment is also given on the key financial points to be drawn from the Accounts. The Annual Governance Statement which forms part of the Accounts is included on the Agenda for the Committee's approval.

3. Comparison to Revenue and Capital Outturn position previously reported

- 3.1 The Revenue and Capital Outturn report presented to this Committee and to the Cabinet in June (where figures are prepared by mid May to meet report deadlines) detailed for members the position on the Councils finances compared with the budgets set.
- 3.2 The Outturn report focuses on key figures relating to the Council's finances and is presented at an earlier stage than the production of the Statement of Accounts. Below comparisons are made between those figures presented at Outturn with the corresponding figures now included in the Audited Statement of Accounts.

General Fund as at 31/3/13

Outturn Reported	£4.084m
Agreed by Council to transfer to "New Homes Bonus Volatility Fund"	<u>£0.274m</u>
Leaving Balance in General Fund	<u>£3.810m</u>
Statement of Accounts (Page 10 Balance Sheet)	<u>£3.810m</u>

Housing Revenue Account as at 31/3/13

Outturn Reported	£4.684m
Agreed by Council to transfer to "Debt Repayment Volatility Fund"	<u>£1.715m</u>
Leaving Balance in Housing Revenue Account	<u>£2.969m</u>
Statement of Accounts	<u>£2.970m</u>
Increase in Reserve (1)	<u>£0.001m</u>

(1) The difference is due to rounding.

(2) The Debt Repayment Volatility Fund (Statement of Accounts Note page 34) is £1.710m in the Accounts because of £0.005m adjustment made between Outturn and draft Statement of Accounts stage relating to a calculation on staff leave accrued which was not adjusted correctly at Outturn.

Capital Reserve as at 31 March 2013

Outturn Reported	£2.595m
Statement of Accounts (Note Page 34)	<u>£2.594m</u>
Decrease in Reserve (1)	<u>£ 0.001m</u>

(1) The difference is due to roundings

There were no amendments made on any other cash reserves held.

Legal Implications

The Accounts and Audit Regulations 2011 require the responsible financial officer to re-certify the presentation of the statement of accounts before the relevant body approves it. Under the Council's Constitution it is for the Head of Finance to recommend to Audit and Governance committee approval of the Authority's statement of accounts, as permitted by the Local Authorities [Functions and Responsibilities) (England) Regulations 2000 (local choice functions). There is an inconsistency in the Council's Constitution where there is a procedural reference to full Council formally approving the statement of accounts; however this does not take account of the specific delegations to Audit and Governance under the Local Government Act 2000 on which the Council [like many others] relies to meet the statutory timetable. This inconsistency will be addressed with other regular update work to the Constitution by way of report to Full Council.

Financial Implications

Details are included in the report.

Consultation on Reports to the Cabinet

None

Background Papers

Finance working papers, Cabinet and Audit & Governance Agendas

Simon Davey
Head of Finance

Audit & Governance Committee
26 September 2013

ANNUAL GOVERNANCE STATEMENT

For the year ended 31st March 2013

Scope of Responsibility

East Devon District Council is required to ensure that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

East Devon's Council's Audit & Governance Committee has approved a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the code is on our website at www.eastdevon.gov.uk. This statement explains how East Devon District Council has complied with the code. The Council is required under the Accounts and Audit Regulations 2011 to have an approved annual governance statement (AGS) which accompanies its Statement of Accounts.

The Head of Internal Audit is required to provide a written annual report to those charged with governance to support the AGS, this report was presented to the Council's Audit and Governance Committee on 27 June 2013 and a copy can be found here: http://www.eastdevon.gov.uk/combined_a_g_agenda_270613.pdf

Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values by which the authority is directed and controlled and the activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievements of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and therefore only provides reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of East Devon District Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively and economically.

The Governance Framework

The governance framework described has been in place for the year ending 31 March 2013 and up to the date of the approval of the statement of accounts.

Some of the key features of the governance framework are set out in the following paragraphs:

- The Council has an adopted a Constitution that sets out how it operates, how decisions are taken and the procedures to follow.
- The Council has a Council Plan for 2012 -16 with 4 core strategies supporting the Plan; Economy, Environment, Finance and Housing Service. Along side the Council Plan we also have produced a Customer Services Plan, a Communication Plan and an ICT Plan. All these documents can be found on the Council's website.
- Delivery of the Council Plan is supported by a performance framework with service plans and individual targets for staff agreed through the annual appraisal process which is recorded and monitored through the Council's performance management systems. Delivery of the Council Plan is monitored by Overview and Scrutiny Committee. This Committee drives the scrutiny process on behalf of the public with a view to improving the delivery of public services.
- A Standards Committee is in place to promote and maintain high standards of conduct by members, to consider reports and make recommendations concerning the governance and ethical standards of the Council and advice on the adoption or revision of the Council's Code of Conduct for members, officers and any other related codes or protocols. The Committee meet quarterly if required.
- Audit & Governance Committee exists with wide-ranging terms of reference including the requirement to consider the effectiveness of the Authority's governance arrangements, taking into account corporate risk management, the control environment and associated anti-fraud and anti-corruption arrangements.
- The Council has designated the Deputy Chief Executive as Monitoring Officer (with an advising and deputy role through the Corporate Legal & Democratic Services Manager) to ensure compliance with established policies, procedures, laws and regulations. After consulting with the Head of Paid Service and Chief Finance Officer the Monitoring Officer will report to the full Council if they consider that any proposal, decision or omission would give rise to unlawfulness or maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered. The Council also conforms with the requirements of the CIPFA statement on the Role of the Chief Financial Officer in Local Government.

- An internal audit service is provided through the South West Audit Partnership which operates to the standards set out in the Code of Practice for Internal Audit in Local Government in the UK. Internal audit are responsible for monitoring the effectiveness of systems of internal control. The Service operates to an audit plan approved by the Audit and Governance Committee. The Council's Internal Audit function is subject to regular inspection by the Council's external auditors (Grant Thornton UK LLP).
- The Council has a whistle-blowing and anti-fraud and corruption policy.

Appendix A contains a more detailed overview of the Council's Governance Framework

Review of Effectiveness

East Devon District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of:

- Internal Audit Annual Report and Opinion 2012/13 (http://www.eastdevon.gov.uk/combined_ag_agenda_270613.pdf)
- Internal and external audit and inspection.
- A specific review of the effectiveness of internal control and compliance to the governance framework undertaken in June through the completion of assurance statements by the Strategic Management Team. These were then reviewed by the Group Auditor for SWAP, the Head of Finance, and the Monitoring Officer for compliance and any apparent organisational improvements are included in the Governance Action Plan.
- The mechanisms for maintaining and reviewing the effectiveness of the system of internal control throughout the year include.
 - Cabinet is responsible for considering overall financial and performance management and receives comprehensive budget monitoring reports on a monthly basis and council service performance reports.
 - Overview & Scrutiny Committee holds the Cabinet Committee to account.
 - The Standards Committee meets quarterly when required and at every meeting considers an update report on complaints against councillors which includes learning points and recommended actions. The Committee also keeps under review the Council's policies and procedures for maintaining high ethical standards.
 - The Audit & Governance Committee meet five times a year to provide independent assurance to the Council in relation to the effectiveness of the risk management and internal control environment.

- The South West Audit Partnership provides an independent and objective assurance service to the Council and completes a programme of reviews each year to inform an opinion on the internal control, risk management and governance arrangements. In 2012/13 this programme included governance audits. The service undertakes fraud investigation and proactive fraud detection work which includes reviewing the control environment in areas where fraud or irregularity has occurred.

Improvements made in Governance arrangements during 2012/13 to note include;

- Revised Contract Standing Orders have been approved and implemented and the roll out e-procurement system continues across services making procurement activities more transparent.
- The Council has improved its overall assessment of key financial controls as reported by SWAP.
- Improvements in partnership arrangement, records and monitoring.
- Key Governance Policies have been reviewed and staff reminded of the content.

Significant Governance and Control Issues Identified – Governance Action plan

It has been a difficult period for the Council with its reputation being tested on a number of fronts, with officer workloads increasing and against a backdrop of a significant reduction in government funding. Issues relate particularly to the resignation of a Councillor following national press allegations implying dishonest practice relating to planning and the office relocation project have both impacted on officer time being taken up with complaints and freedom of information enquiries. This does have a negative impact on the ability to carry out other work, possibly to the detriment of corporate governance, for example making a revised updated Constitution available on the Council's website has been delayed due to lack of time. It is assumed that this is a peak of activity and will tail off and the situation is being managed.

The Audit and Governance Committee expressed concern during the year in the risk of the Council not having identified or processes in place to monitor a 5 year land supply for strategic planning purposes. This issue and concern has been highlighted to Council by the Audit and Governance Committee who are keeping a watching brief on the situation.

Council Members and Officers have been continually updated and advised on the implications of reviews of the effectiveness of the Council's systems of internal control. Plans have been devised and put in place to ensure continuous improvement. The Council's annual review of the governance framework, including the system of internal controls and associated reviews during the year, identified some areas where action is appropriate to enhance the governance and internal control environment and ensure continuous improvement. The key areas are listed below, along with the proposed actions to remedy or improve the position.

Area for Improvement	Suggested Action	Responsible Officer Response	Officer Resp.
Audit & Governance Committee identified areas			
Governance Arrangements	<p>The Audit & Governance Committee were concerned relating to the perceived or actual conflict of roles of Ex-Councillor G Brown and accordingly amended the 2013/14 Audit Plan to include an audit by SWAP to consider the Governance arrangement implications and to suggest any necessary improvements.</p> <p>A similar point was raised within the Assurance Statements and a perceived/actual conflict between Planning and Economic Development Roles.</p>	This Audit is to take place in the first half of 2013/14 with findings to be presented back to the Audit & Governance Committee	Monitoring Officer
ICT Service Continuity Plan	<p>In the event of a major incident that prevents use of the main data centre at the Knowle the intention is to be able to transfer IT operations to East Devon Business Centre. This is not in operation as yet.</p> <p>This item was monitored by Audit & Governance Committee during 2012/13 and at year end of the year was still not complete to the Committees satisfaction.</p>	The officer is to report to the Audit & Governance Committee in 2013/14 to update on progress.	ICT Design & Compliance Manager
SWAP reviews undertaken in 2012/13 which only achieved partial assurance			
Leisure East Devon - risk management process	LED has not demonstrated an embedded risk management process, similar to that in place at EDDC and not fully reflective of the service agreement.	This was raised with the Board and suggested that EDDC model was adopted. This will be implemented in 2013/14 and SWAP will follow up on this recommendation.	Chief Executive

Thelma Hulbert Gallery	A number of significant high priority findings from an audit review of the Gallery were found. These related to the non achievement of the Business Plan and the Arts & Development plan was found to be out of date.	Recommendations have been agreed inline with the audit report and have been, or being implemented. SWAP will follow up on the implementation in 2013/14.	Countryside and Leisure Manager
Formal reconciliations process on income received where no debtor invoice raised.	Control weaknesses were found in certain service areas where non-invoiced income is received with no formal reconciliation between service records and the corporate cedar finance system. Areas of concern were with the Thelma Hulbert Gallery, Home Safeguard and the issue of Tunstall Units and elements of Building Control. No actual errors were found but there is a risk of errors occurring which would not be identified.	Recommendations have been agreed inline with the audit report and have been or being implemented. SWAP will follow up on implementation in 2013/14.	Service Managers and Financial Services Manager

Signed & Dated

Chief Executive

26/9/2013

Signed & Dated

Leader of the Council

26/9/2013

Appendix A

Below is an overview of the Council's Governance Framework

As stated the Council has an adopted Code of Corporate Governance which is inline with CIPFA/SOLACE documentation on delivering good governance in local Government. This defines the corporate governance framework and sets out six core principles of good governance as shown below.

Corporate Governance Framework		
Corporate Governance comprises the systems and processes, cultures and values, by which the council is directed and controlled, and through which we account to, engage with and where appropriate, lead the community.		
1. Focus on purpose of the Council, vision for local area and outcomes for the community.	2. Members and officers working together to achieve a common purpose with clearly defined functions and roles.	3. Promoting values and upholding high standards of conduct and behaviour.
4. Taking informed and transparent decisions scrutinised and risk managed.	5. Developing capacity of Members and Officers to be effective.	6. Engaging with local people to ensure public accountability.

(A) Key Documents: Regular/Annual Review or Production	(B) Key Documents: Ad hoc Review or Production	(C) Contributory Processes/Regulatory Monitoring	
<ul style="list-style-type: none"> • Financial Plan (including Medium Term Financial Plan) • Annual Revenue & Capital Estimates • Service Plans • Statement of Accounts • Internal/External Audit Protocol • Council Tax Booklet • Performance Monitoring Reports (Measure Reports & performance indicators) • Financial Monitoring Reports • East Devon Connect • External Audit Report to those charged with Governance • External Audit Review report • Annual opinion from SWAP Group Audit Manager to support Annual Governance Statement • Management Assurance Statements • Governance Statement 	<ul style="list-style-type: none"> • Council Plan • Constitution including Financial and Contract Standing Orders • Scheme of Delegation • Code of Corporate Governance • Anti-Fraud, Theft and Corruption Policy • Complaints Procedure • Communications Strategy • Community Engagement Policy • Customer Service Strategy • Procurement Strategy • Freedom of Information • Health Safety, Welfare and Employment Policies • Data and Information Quality Policy • Information Security Policy • ICT Strategy • Protocol – Member Officer Relations • Members Code of Conduct • Employees Code of Conduct • Partnership Policy and Guidance • Risk Management Policy and Guidance • Published Agendas, Reports and Minutes of Committees • Whistleblowing Policy 	<ul style="list-style-type: none"> • Audit & Governance Committee • Standards Committee • Overview & Scrutiny Committee • Housing Review Board • Independent Remuneration Panel for Members Allowances • Strategic Management Team • Monitoring Officer appointed • S151 Officer Appointed • Head of Paid Service appointed • Customer Complaints/Feedback Process • Procurement & Efficiency Group • Resident's Panel consultation • Asset Management Forum 	<ul style="list-style-type: none"> • Job Descriptions and Person Specifications • Job Evaluation Process • Employee Induction • Employee Surveys • Learning and Development Programme – Employees/Members • Performance Excellence Review • Criminal Conviction Checks • Health & Safety Officer • Fraud Forum • External Audit • Internal Audit • Gift and Hospitality Registers for Employees • Members Register of Interest • Annual Review of Internal Audit, Risk Management & Governance Arrangements

Date: 26 September 2013
Contact number: 01395 517490
E-mail: sdavey@eastdevon.gov.uk
Direct Fax:
Our Reference: SD
Your Reference:



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

East Devon District Council
Knowle
Sidmouth
EX10 8HL
DX 48705 Sidmouth
Tel: 01395 516551

Dear Sirs,

East Devon District Council
Financial Statements for the year ended 31 March 2013

This representation letter is provided in connection with the audit of the financial statements of East Devon District Council for the year ended 31 March 2013 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with International Financial Reporting.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i We have fulfilled our responsibilities for the preparation of the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ("the Code") as adapted for International Financial Reporting Standards; in particular the financial statements give a true and fair view in accordance therewith.
- ii We have complied with the requirements of all statutory directions and these matters have been appropriately reflected and disclosed in the financial statements.
- iii We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- iv Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

- v We are satisfied that the material judgements used by us in the preparation of the financial statements are soundly based, in accordance with the Code, and adequately disclosed in the financial statements. There are no further material judgements that need to be disclosed.
- vi We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme liabilities for IAS19 disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant retirement benefits have been identified and properly accounted for (including any arrangements that are statutory, contractual or implicit in the employer's actions, that arise in the UK or overseas, that are funded or unfunded).
- vii Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the code.
- viii All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the code requires adjustment or disclosure have been adjusted or disclosed.
- ix We have not adjusted the misstatements brought to our attention in the Audit Findings report, which are considered to be immaterial to the results of the Council and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.
- x We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xi We believe that the Council's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

Information Provided

- xii We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. unrestricted access to persons within the Council from whom you determined it necessary to obtain audit evidence.
- xiii We have communicated to you all deficiencies in internal control of which management is aware.

- xiv All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xv We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xvi We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council and involves:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
- xvii We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, regulators or others.
- xviii We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xix We have disclosed to you the entity of the Council's related parties and all the related party relationships and transactions of which we are aware.

Annual Governance Statement

- xx We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS

Approval

The approval of this letter of representation was minuted by the Council's Audit and Governance Committee at its meeting on 26 September 2013.

Signed on behalf of the Council

Name Simon Davey

Position Head of Finance

Date 26/9/13

Name Cllr Ken Potter

Position Chair of Audit & Governance Committee

Date 26/9/13



The Audit Findings for East Devon District Council

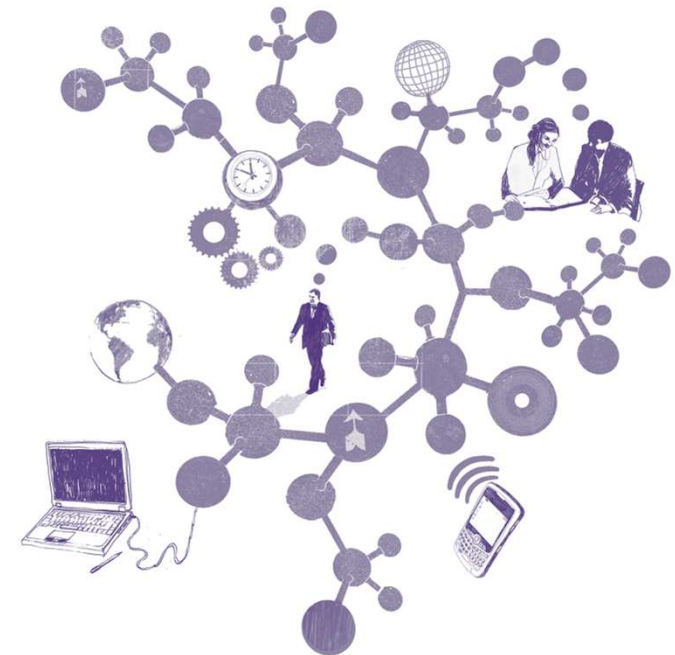
Year ended 31 March 2013

September 2013

Barrie Morris
Engagement Lead
T 0117 305 7708
E barrie.morris@uk.gt.com

Jenny Dwyer
Audit Manager
T 0117 305 7647
E jenny.dwyer@uk.gt.com

James Pitts
In Charge Auditor
T 0117 305 7691
E james.pitts@uk.gt.com



The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify.

We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Contents

Section	Page
1. Executive summary	4
2. Audit findings	7
3. Value for Money	18
4. Fees, non audit services and independence	20
5. Communication of audit matters	22

Appendices

- A Action plan
- B Audit opinion

Section 1: Executive summary

01. Executive summary

02. Audit findings

03. Value for Money

04. Fees, non audit services and independence

05. Communication of audit matters

Executive summary

Purpose of this report

This report highlights the key matters arising from our audit of East Devon District Council's ('the Council') financial statements for the year ended 31 March 2013. It is also used to report our audit findings to management and those charged with governance in accordance with the requirements of International Standard on Auditing 260 (ISA).

Under the Audit Commission's Code of Audit Practice we are required to report whether, in our opinion, the Council's financial statements present a true and fair view of the financial position, its expenditure and income for the year and whether they have been properly prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting. We are also required to reach a formal conclusion on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources (the Value for Money conclusion).

Introduction

In the conduct of our audit we have not had to alter or change our planned audit approach, which we communicated to you in our Audit Plan presented to the Audit & Governance Committee 14 March 2013.

Our audit is substantially complete although we are finalising our work in the following areas:

- receipt of letter of assurance from the auditors of the Local Government Pension scheme;
- review of the final version of the financial statements;

- obtaining and reviewing the final management letter of representation;
- review of final version of the Annual Governance Statement;
- updating our post balance sheet events review, to the date of signing the opinion; and
- review of the Whole of Government Accounts.

We received draft financial statements and accompanying working papers at the start of our audit, in accordance with the agreed timetable.

Key issues arising from our audit

Financial statements opinion

We anticipate providing an unqualified opinion on the financial statements.

We have identified one adjustment affecting the Council's net expenditure reported in the Comprehensive Income & Expenditure Statement as detailed in section 2 of this report. The draft financial statements recorded net expenditure of £17.756m; the audited financial statements show net expenditure of £17.306m. This change relates to entries on reclassification of property, plant and equipment. We have also made a number of adjustments to improve the presentation and disclosure of the financial statements.

We are pleased to report that the quality of the financial statements has improved considerably over previous years and we have identified significantly fewer issues. Whilst adjustments have been made to the Statement of Accounts, it is evident that the finance team have made considerable effort to address the issues previously identified and undertaken a more robust review of the Statement of Accounts.

Further details are set out in section 2 of this report.

Value for money conclusion

We are pleased to report that, based on our review of the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources, we propose to give an unqualified VFM conclusion.

Further detail of our work on Value for Money is set out in section 3 of this report.

Whole of Government Accounts (WGA)

We will complete our work in respect of the Whole of Government Accounts in accordance with the national timetable.

Controls

The Council's management is responsible for the identification, assessment, management and monitoring of risk, and for developing, operating and monitoring the system of internal control.

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we report these to the Council. We have made two recommendations to improve the controls in place. Further details are provided within section 2 of this report.

The way forward

Matters arising from the financial statements audit and review of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources have been discussed with the Head of Finance.

We have made a number of recommendations, which are set out in the action plan in Appendix A. Recommendations have been discussed and agreed with the Head of Finance and the finance team.

Acknowledgment

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit and for the overall improvement in the quality of accounts and supporting working papers.

Grant Thornton UK LLP
September 2013

Section 2: Audit findings

01. Executive summary

02. Audit findings

03. Value for Money

04. Fees, non audit services and independence

05. Communication of audit matters

Audit findings

In this section we present our findings in respect of matters and risks identified at the planning stage of the audit and additional matters that arose during the course of our work. We set out on the following pages the work we have performed and findings arising from our work in respect of the audit risks we identified in our audit plan, presented to the Audit & Governance Committee on 14 March 2013. We also set out the adjustments to the financial statements from our audit work and our findings in respect of internal controls.

Audit opinion

We anticipate that we will provide the Council with an unmodified opinion. Our proposed audit opinion is set out in Appendix B.

Audit findings against significant risks

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty" (ISA 315).

In this section we detail our response to the significant risks of material misstatement which we identified in the Audit Plan. As we noted in our plan, there are two presumed significant risks which are applicable to all audits under auditing standards.

	Risks identified in our audit plan	Work completed	Assurance gained and issues arising
1.	<p>Improper revenue recognition</p> <p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper recognition</p>	<ul style="list-style-type: none"> • review and testing of revenue recognition policies • testing of material revenue streams • review of unusual significant transactions 	<p>Our audit work has not identified any issues in respect of revenue recognition.</p>
2.	<p>Management override of controls</p> <p>Under ISA 240 there is a presumed risk of management over-ride of controls</p>	<ul style="list-style-type: none"> • review of accounting estimates, judgements and decisions made by management • testing of journals entries • review of unusual significant transactions. 	<p>Our audit work has not identified any evidence of management override of controls.</p> <p>We set out later in this section of the report our work and findings on key accounting estimates and judgments.</p>
3.	<p>Issues arising form prior year are not adequately addressed</p> <p>Our audit of the 2011-12 accounts identified a number of issues leading to material adjustments to the financial statements. A number of these related to cut off arrangements and technical year end accounting entries rather than due to issues in the operation of controls during the year.</p>	<ul style="list-style-type: none"> • substantive testing of grant revenue to ensure appropriately recognised in accordance with accounting policies • substantive testing of accounting entries relating to capital financing and reconciliation of movements between reserves • substantive testing of year end debtors and creditors to ensure appropriately accounted for in the correct financial year. 	<p>Our audit work found that there has been a significant improvement in the quality of the Statement of Accounts presented for audit and greater consistency between different parts of the accounts.</p> <ul style="list-style-type: none"> • We did not identify any issues in respect of grant revenue • A disclosure adjustment was made to note 34 to ensure the amounts disclosed agreed to disclosures in note 7 and note 22. • We identified credit balances of £151,000 incorrectly included within debtors.

Audit findings against other risks

In this section we detail our response to the other risks of material misstatement which we identified in the Audit Plan. Recommendations, together with management responses, are attached at Appendix A.

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
Operating expenses and creditors	Creditors understated or not recorded in the correct period	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> documented our understanding of processes and key controls relating to operating expenses and creditors undertaken a walkthrough of the key controls to assess whether those controls are designed effectively substantive testing of operating expenses and significant creditor balances review of after date payments to ensure all liabilities are identified. 	Our audit work has not identified any significant issues in relation to the risk identified.
Employee remuneration	Remuneration expenses not correct	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> documented our understanding of processes and key controls relating to employee remuneration undertaken a walkthrough of the key controls to assess whether those controls are designed effectively substantive testing of employee remuneration expenditure. 	Our audit work has not identified any significant issues in relation to the risk identified.
Welfare expenditure	Welfare benefits improperly computed	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> documented our understanding of processes and key controls relating to housing and council tax benefits undertaken a walkthrough of the key controls to assess whether those controls are designed effectively undertaken elements of the housing and council tax benefits subsidy certification to ensure the correct parameters have been applied to the software systems, movements in expenditure between years are understood and that the software suppliers' instructions have been followed in compiling the subsidy claim testing a sample of 25 benefit expenditure transactions in year to ensure entitlement correctly calculated. 	Our audit work has not identified any significant issues in relation to the risk identified.




Audit findings against other risks

In this section we detail our response to the other risks of material misstatement which we identified in the Audit Plan. Recommendations, together with management responses, are attached at Appendix A.



Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
Housing rents	Revenue transactions not recorded	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> • documented our understanding of processes and key controls relating to housing rents • undertaken a walkthrough of the key controls to assess whether those controls are designed effectively • substantive testing on a sample of 25 items to ensure revenue recognised agreed to supporting information. 	Our audit work has not identified any significant issues in relation to the risk identified.
Property, plant & equipment	PPE activity not valid	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> • documented our understanding of processes and key controls relating to PPE additions and disposals • undertaken a walkthrough of the key controls to assess whether those controls are designed effectively • substantive testing of PPE additions • review of disposal entries. 	<p>Our work identified that disposals included in note 12 included amounts in respect of assets that had been reclassified and did not represent actual disposals of assets. Adjustments have been made to the accounts as detailed on page 13.</p> <p>Our audit work has not identified any other significant issues in relation to the risk identified.</p>


Accounting policies, estimates & judgements

In this section we report on our consideration of accounting policies, in particular revenue recognition policies, and key estimates and judgements made and included with the Council's financial statements.

Accounting area	Summary of policy	Comments	Assessment
Revenue recognition	<ul style="list-style-type: none"> Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential will flow to the Council. Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential will flow to the Council. 	<p>Revenue recognition policies have been reviewed and assessed as being in accordance with the requirements set out in the CIPFA Code.</p> <p>Disclosure requirements have been assessed as in accordance with CIPFA disclosure checklist and are deemed to be appropriate.</p>	
Judgements and estimates	<ul style="list-style-type: none"> The Council has disclosed that the key estimates and judgements in applying accounting policies are in relation to: <ul style="list-style-type: none"> – useful life of capital equipment – pension fund valuations – arrears. 	Note 4 appropriately discusses estimation uncertainty in relation to those areas listed.	
Other accounting policies	<ul style="list-style-type: none"> We have reviewed the Council's policies against the requirements of the CIPFA Code and accounting standards. 	Our review of accounting policies has not highlighted any issues which we wish to bring to your attention	

Assessment

-  Marginal accounting policy which could potentially attract attention from regulators
-  Accounting policy appropriate and disclosures sufficient

-  Accounting policy appropriate but scope for improved disclosure

Adjusted misstatements

A number of adjustments to the draft financial statements have been identified during the audit process. We are required to report all misstatements to those charged with governance, whether or not the financial statements have been adjusted by management. The table below summarises the adjustments arising from the audit which have been processed by management.

Impact of adjusted misstatements

All adjusted misstatements are set out below along with the impact on the key statements and the reported financial position.

Detail	Comprehensive Income and Expenditure Account	Balance Sheet	Impact on general fund
<p>1 Reclassification of property, plant and equipment The Council identified a number of assets within land and buildings that should be classified as vehicles, plant and equipment. Adjustments have been made in respect of the reclassification entries made to reverse impairments and revaluation increases recognised.</p>	Reduction in cultural and related services expenditure of £450,000	<p>No impact on property, plant and equipment balance</p> <p>Reduction in revaluation reserve balance of £450,000 and corresponding increase in capital adjustment account balance</p>	Nil
<p>2 Finance lease liabilities Adjustments were made to correct errors in entries relating to movements in the finance lease liability balance.</p>	Nil	<p>Net increase in liabilities of £44,000</p> <p>Reduction of £44,000 in capital adjustment account balance</p>	Nil
Overall impact	Increase in net expenditure of £450,000	Reduction in net assets of £44,000	£Nil

Misclassifications & disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Adjustment type	Value	Account balance	Impact on the financial statements
1 Disclosure	-	Explanatory Foreword	A small number of adjustments were made to the Explanatory Foreword to enhance the overview of key items of income and expenditure in the year.
2 Disclosure	Various	Property, plant and equipment	Updated disclosures in note 12 to reflect adjustments to the accounting entries in respect of assets reclassified from land and buildings to vehicles, plant and equipment.
3 Disclosure	£1,729,000	Financial Instruments	Updated disclosures in note 15 to exclude payments in advance from the analysis of financial instruments.
4 Disclosure	-	External audit costs	Updated disclosure in note 31 to show the level of rebates received for 2012-13 and 2011-12.
5 Disclosure	£205,000	Capital expenditure and financing	Updated disclosure in note 34 due to differences against amounts reported elsewhere in the accounts.
6 Disclosure	£98,000	Finance lease liabilities	Updated disclosures in notes 15, 22 and 35 to correctly show the total finance lease liabilities and the split between short term and long term.
7 Presentation and disclosure	-	Various disclosures	A number of other minor disclosure and presentational adjustments have been processed by the Council which do not need to be brought to the attention of the Audit & Governance Committee.

Unadjusted misstatements

The table below provides details of adjustments identified during the audit but which have not been made within the final set of financial statements. The Audit & Governance Committee is required to approve management's proposed treatment of all items recorded within the table below:

Detail	Comprehensive Income and Expenditure Account	Balance Sheet	Reason for not adjusting
1 Debtors and creditors Our testing identified credit balances incorrectly included within the debtors balance.	Nil	Increase in debtors balance and corresponding increase in creditors balance of £151,000	Not considered material
Overall impact	£Nil	£151,000	

Internal controls

The purpose of an audit is to express an opinion on the financial statements.

Our audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported here are limited to those deficiencies that we have identified during the course of our final accounts audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

These recommendations, together with management responses, are included in the action plan attached at appendix A.

	Assessment	Issue and risk	Recommendations
1.	●	<ul style="list-style-type: none"> We reviewed the Council's journal entry policies and procedures as part of determining our journal entry testing strategy. As noted previously journal entries do not require separate authorisation, although spot checks are in place throughout the year and further verification checks were introduced as part of the year end procedures. In addition, we noted that the Section 151 Officer has the required access to post journal entries to the ledger system, although he has not posted any journal entries in the year. 	<ul style="list-style-type: none"> It is not considered good practice for the Section 151 Officer to be granted the required access for posting journal entries and access should be withdrawn.
2.	●	<ul style="list-style-type: none"> Our audit testing identified a number of credit balances within the debtors balances. Whilst some of these were valid entries to reverse debtors previously raised, £151,000 related to cash received in advance that should not have been included within the debtors balance. 	<ul style="list-style-type: none"> The Council should undertake a review of year end debtor and creditor balances to ensure all amounts are correctly analysed for the financial statements.

Assessment

- Significant deficiency – risk of significant misstatement
- Deficiency – risk of inconsequential misstatement

Other communication requirements

We set out below details of other matters which we are required by auditing standards to communicate to those charged with governance.

	Issue	Commentary
1.	Matters in relation to fraud	<ul style="list-style-type: none"> We have previously discussed the risk of fraud with the Chair of the Audit and Governance Committee and have not been made aware of any material concerns. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
2.	Matters in relation to laws and regulations	<ul style="list-style-type: none"> We are not aware of any significant incidences of non-compliance with relevant laws and regulations.
3.	Written representations	<ul style="list-style-type: none"> A standard letter of representation has been requested from the Council.
4.	Disclosures	<ul style="list-style-type: none"> Our review found no material omissions in the financial statements.
5.	Matters in relation to related parties	<ul style="list-style-type: none"> We are not aware of any related party transactions which have not been disclosed.
6.	Going concern	<ul style="list-style-type: none"> Our work has not identified any reason to challenge the Council's decision to prepare the financial statements on a going concern basis.

Section 3: Value for Money

01. Executive summary

02. Audit findings

03. Value for Money

04. Fees, non audit services and independence

05. Communication of audit matters

Value for Money

Value for Money conclusion

The Code of Audit Practice 2010 (the Code) describes the Council's responsibilities to put in place proper arrangements to:

- secure economy, efficiency and effectiveness in its use of resources
- ensure proper stewardship and governance
- review regularly the adequacy and effectiveness of these arrangements.

We are required to give our VFM conclusion based on the following two criteria specified by the Audit Commission which support our reporting responsibilities under the Code.

- **The Council has proper arrangements in place for securing financial resilience.** The Council has robust systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.
- **The Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness.** The Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

Key findings

Securing financial resilience

We have undertaken a review which considered the Council's arrangements against the following three expected characteristics of proper arrangements as defined by the Audit Commission:

- Financial governance;
- Financial planning; and
- Financial control

Overall our work highlighted that the Council faces significant financial challenges due to further reductions in government funding leading to a budget gap of £3.973 million over the next five years, with a budget gap of £1.878m for 2014-15. However, the Council has good arrangements in place for financial planning and demonstrate a sound understanding of the financial environment and associated risks. Our detailed findings, along with a small number of recommendations are set out in our separate Financial Resilience report.

Challenging economy, efficiency and effectiveness

We have reviewed whether the Council has prioritised its resources to take account of the tighter constraints it is required to operate within and concluded that adequate arrangements are in place.

Overall VFM conclusion

On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, 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 2013.

Section 4: Fees, non audit services and independence

01. Executive summary

02. Audit findings

03. Value for Money

04. Fees, non audit services and independence

05. Communication of audit matters

Fees, non audit services and independence

We confirm below our final fees charged for the audit and confirm there were no fees for the provision of non audit services.

Fees

	2012-13 fees per Audit Plan	2012-13 Actual fees	2011-12 Actual fees
Council audit	£66,861	£66,861	£111,435
Grant certification*	£15,250	£15,250	£29,575
Total audit fees	£82,111	£82,111	£101,665

* Indicative fee for 2012-13

Fees for other services 2012-13

Service	Fees £
None*	Nil

* Please note £5,000 has been charged for the provision of an Employment Taxes review. As this was undertaken in 2013-14, we have not included it above.

Independence and ethics

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

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

Section 5: Communication of audit matters

01. Executive summary

02. Audit findings

03. Value for Money

04. Fees, non audit services and independence

05. Communication of audit matters

Communication of audit matters to those charged with governance

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

The Audit Plan outlined our audit strategy and plan to deliver the audit, while this Audit Findings report presents the key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

Respective responsibilities

The Audit Findings Report has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission (www.audit-commission.gov.uk).

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

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the Audit Commission and includes nationally prescribed and locally determined work. Our work considers the Council's key risks when reaching our conclusions under the Code.

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

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

Appendices

Appendix A: Action plan

Priority

High - Significant effect on control system

Medium - Effect on control system

Low - Best practice

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
1	The Council should undertake a review of year end debtor and creditor balances to ensure all amounts are correctly analysed for the financial statements.	Medium	Finance is liaising with CEDAR to provide technical advice on the Aged Debtor Report parameters, and allocation of Debtors batches to help with analysis of RIA within the accrued Debtors balances, as a manual exercise would be extremely time consuming.	Year end 2013/14 Financial Services Manager
2	It is not considered good practice for the Section 151 Officer to be granted the required access for posting journal entries and access should be withdrawn.	Medium	Agreed	September 2013 IT Systems Access Support Staff

Appendix B: Audit opinion

We anticipate we will provide the Council with an unmodified audit report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EAST DEVON DISTRICT COUNCIL

Opinion on the Authority financial statements

We have audited the financial statements of East Devon District Council for the year ended 31 March 2013 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement and Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

This report is made solely to the members of East Devon District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Head of Finance and auditor

As explained more fully in the Statement of the Head of Finance's Responsibilities, the Head of Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Head of Finance; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of East Devon District Council as at 31 March 2013 and of its expenditure and income for the year then ended;
- and have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

Opinion on other matters

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Authority and the auditor

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in November 2012, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

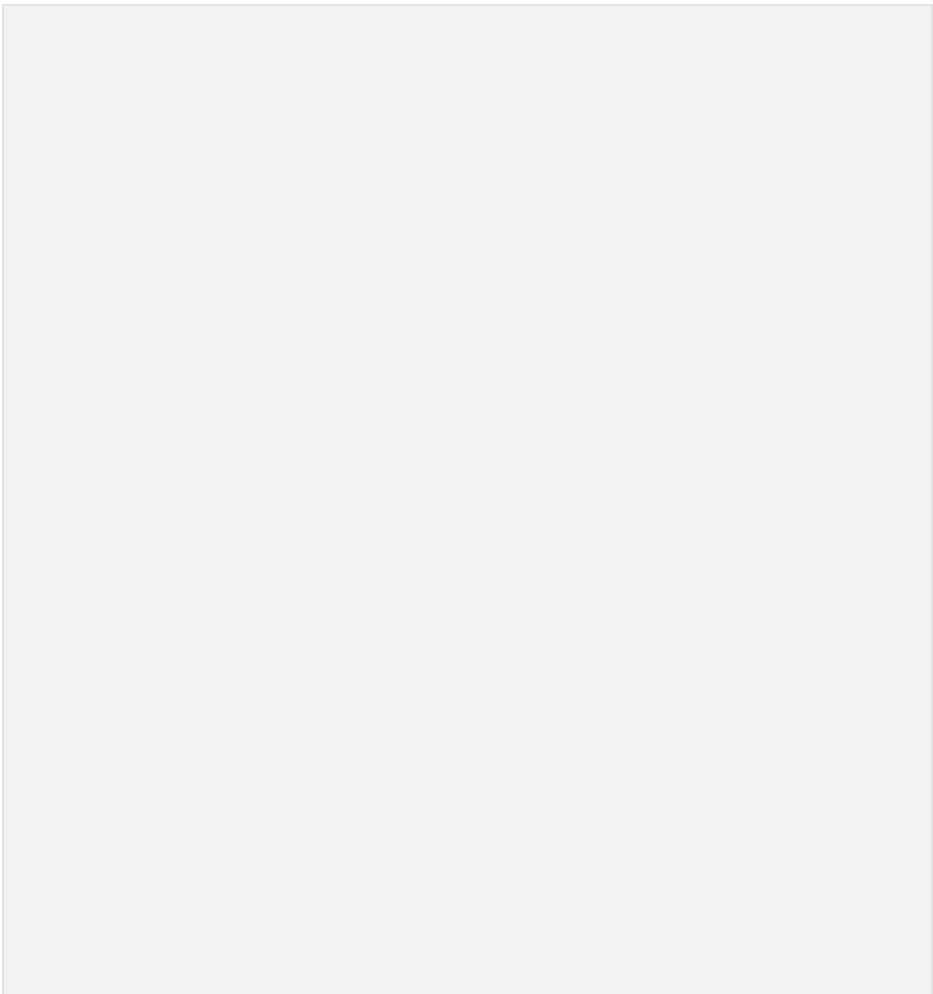
We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in November 2012, we are satisfied that, in all significant respects, East Devon District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

Certificate

We certify that we have completed the audit of the financial statements of East Devon District Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.



Appendix C: Overview of audit findings

In this section we present our findings in respect of matters and risks identified at the planning stage of the audit and additional matters that arose during the course of our work.

Changes to Audit Plan

We have not had to change our Audit Plan as previously communicated to you on 14 March 2013.

Account	Transaction cycle	Material misstatement risk?	Description of risk	Change to the audit plan	Audit findings
Cost of services - operating expenses	Operating expenses	Other	Operating expenses understated	No	None
Cost of services – employee remuneration	Employee remuneration	Other	Remuneration expenses understated	No	None
Costs of services – Housing & council tax benefit	Welfare expenditure	Other	Welfare benefits improperly computed	No	None
Cost of services – Housing revenue	HRA	Other	Housing revenue transactions not recorded	No	None
Cost of services – other revenues (fees & charges)	Other revenues	None		No	None
(Gains)/ Loss on disposal of non current assets	Property, Plant and Equipment	None		No	None
Payments to Housing Capital Receipts Pool	Property, Plant & Equipment	None		No	None
Precepts and Levies	Council Tax	None		No	None

Audit findings

Account	Transaction cycle	Material misstatement risk?	Description of risk	Change to the audit plan	Audit findings
Interest payable and similar charges	Borrowings	None		No	None
Pension Interest cost	Employee remuneration	None		No	None
Interest & investment income	Investments	None		No	None
Return on Pension assets	Employee remuneration	None		No	None
Impairment of investments	Investments	None		No	None
Income from council tax	Council Tax	None		No	None
NNDR Distribution	NNDR	None		No	None
Capital grants & Contributions (including those received in advance)	Property, Plant & Equipment	Significant	Issues arising from prior year not properly addressed	No	None
(Surplus)/ Deficit on revaluation of non current assets	Property, Plant & Equipment	None		No	None
Actuarial (gains)/ Losses on pension fund assets & liabilities	Employee remuneration	None		No	None
Other comprehensive (gains)/ Losses	Revenue/ Operating expenses	None		No	None

Audit findings

Account	Transaction cycle	Material misstatement risk?	Description of risk	Change to the audit plan	Audit findings
Property, Plant & Equipment	Property, Plant & Equipment	Other	PPE activity not valid	No	Adjustments made in respect of asset reclassifications as detailed in section 2
Intangible assets	Intangible assets	None		No	None
Investments (long & short term)	Investments	None		No	None
Debtors (long & short term)	Revenue	None		No	Adjustment proposed in respect of credit balances identified within debtors
Assets held for sale	Property, Plant & Equipment	None		No	None
Cash and cash equivalents	Bank and cash	None		No	None
Borrowing (long & short term)	Debt	None		No	None
Creditors (long & Short term)	Operating Expenses	Other	Creditors understated or not recorded in the correct period	No	None
Provisions (long & short term)	Provision	None		No	None
Pension liability	Employee remuneration	None		No	None
Reserves	Equity	None		No	Adjustments due to adjustments noted elsewhere.



© 2013 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' means Grant Thornton UK LLP, a limited liability partnership.

Grant Thornton is a member firm of Grant Thornton International Ltd (Grant Thornton International). References to 'Grant Thornton' are to the brand under which the Grant Thornton member firms operate and refer to one or more member firms, as the context requires. Grant Thornton International and the member firms are not a worldwide partnership. Services are delivered independently by member firms, which are not responsible for the services or activities of one another. Grant Thornton International does not provide services to clients.

grant-thornton.co.uk

Review of the Council's Arrangements for Securing Financial Resilience for East Devon District Council

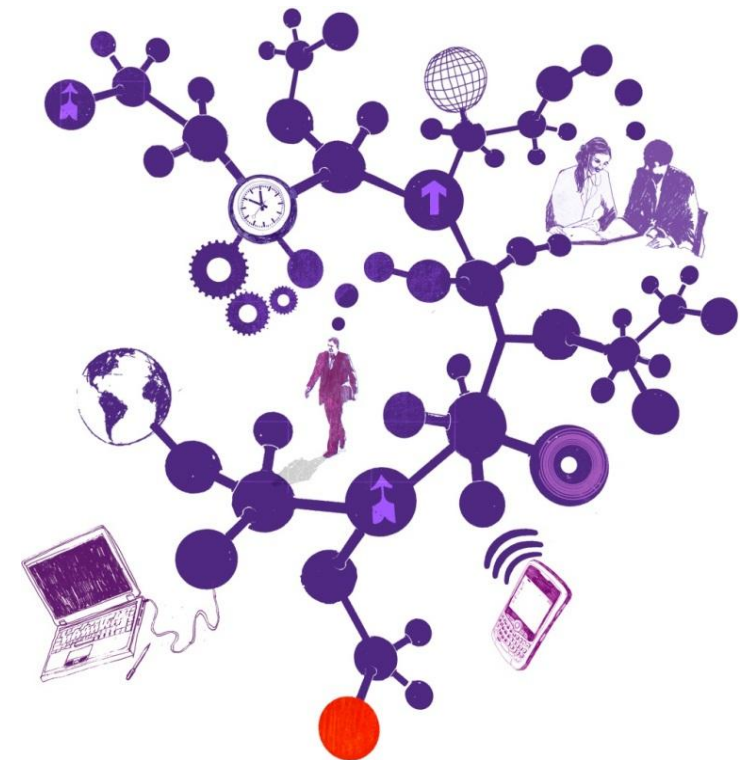
This version of the report is a draft. Its contents and subject matter remain under review and its contents may change and be expanded as part of the finalisation of the report.

Year ended 31 March 2013

September 2013

Barrie Morris
Engagement Lead
T 0117 305 7708
E barrie.morris@uk.gt.com

Jenny Dwyer
Audit Manager
T 0117 305 7647
E jenny.dwyer@uk.gt.com



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

Contents

1 Executive Summary	Page 3
2 Key Indicators	Page 8
3 Strategic Financial Planning	Page 12
4 Financial Governance	Page 16
5 Financial Control	Page 20

1 Executive Summary

2 Key Indicators

3 Strategic Financial Planning

4 Financial Governance

5 Financial Control

Appendix - Key indicators of financial performance

Executive Summary

Our approach

Value for Money Conclusion

Our work supporting our Value for Money (VfM) conclusion, as part of the statutory external audit, includes a review to determine if the Council has proper arrangements in place for securing financial resilience.

In so doing we have considered whether the Council has robust financial systems and processes in place to manage its financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future. We have carried out our work in discussion and agreement with officers and completed it in such a way as to minimise disruption to them.

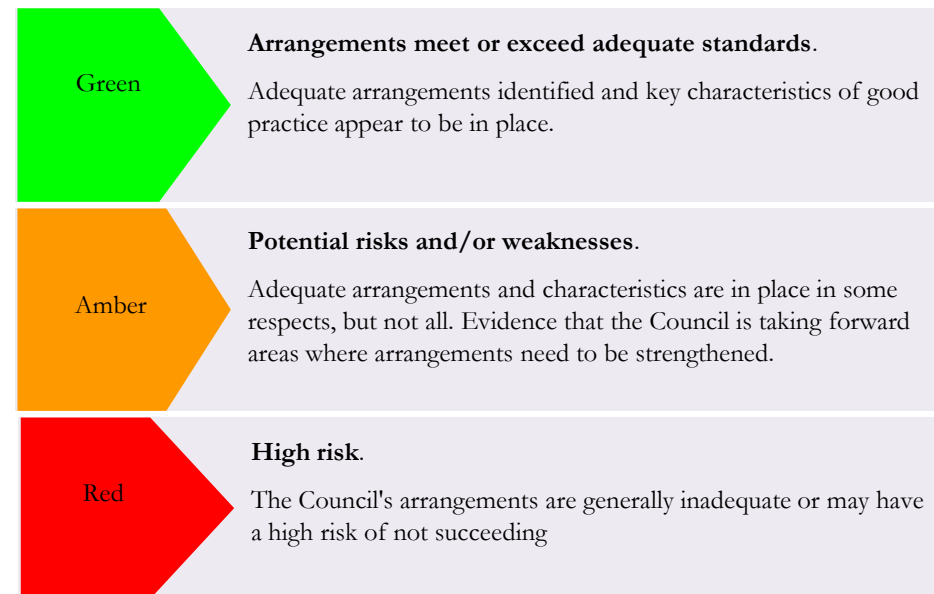
The definition of foreseeable future for the purposes of this financial resilience review is 12 months from the date of this report.

We have reviewed the financial resilience of the Council by looking at:

- Key indicators of financial performance;
- Its approach to strategic financial planning;
- Its approach to financial governance; and
- Its approach to financial control.

Further detail on each of these areas is provided in the sections of the report that follow. Our overall conclusion is that whilst the Council faces some significant challenges in closing the budget gap over the medium term due to continued funding reductions, the Council has adequate arrangements in place to secure financial resilience.

We have used a red/amber/green (RAG) rating with the following definitions.



Executive Summary

National and Local Context

National Context

The Chancellor of the Exchequer announced the current Spending Review (SR10) to Parliament on 20 October 2010. SR10 represented the largest reductions in public spending since the 1920s. Revenue funding to local government was to reduce by 19% by 2014-15 (excluding schools, fire and police). After allowing for inflation, this equates to a 28% reduction in real terms with local government facing some of the largest cuts in the public sector. In addition, local government funding reductions were frontloaded, with 8% cash reductions in 2011-12. This followed a period of sustained growth in local government spending, which increased by 45% during the period 1997 to 2007.

The Chancellor of the Exchequer, in his Autumn Statement in November 2011, announced further public spending reductions of 0.9% in real terms in both 2015-16 and 2016-17. In his Autumn Statement on 5 December 2012, the Chancellor reinforced austerity measures announcing a further £6.6bn of savings during 2013-14 and 2014-15. Whilst health and schools will be continue to be protected in line with the Government's policy set out in SR10, local government will continue to face significant funding reductions. The Department for Communities and Local Government will contribute £470m of these additional savings, £445m of which will come from local authority funding during 2014-15, with local authorities being exempt from additional savings in 2013-14. In his March 2013 Budget the Chancellor announced further departmental 1% savings during each of 2013-14 and 2014-15. The NHS and schools remain protected, but police and local government will need to find an additional 0.5% over both years.

The next spending round period, 2015-16, was announced by the Chancellor on 26 June 2013. Local government will face a further 10% funding reduction for this period.

These funding reductions come at a time when demographic and recession based factors are increasing demand for some services, and there is a decreasing demand for some services, such as car parking, where customers pay a fee or charge.

Financial austerity is expected to continue until at least 2017.





Local Context

East Devon is the largest district Council in Devon with an estimated population of 132,457 covering 314 square miles. Over 50% of the Council's population are based in rural settlements or market towns, and the district has a proportionally high level of residents aged over 65. Following a reduction in Government grant funding of the Council had to identify a strategy to close the 2013-14 budget gap of £1.256 million.

Changes to national legislation regarding Council Tax benefit arrangements have lead to the introduction of a localised Council Tax Support Scheme to replace Council Tax Benefit from April 2013 placing additional financing pressures on the Council.

Executive Summary

Overview of Arrangements

Risk area	Summary observations	High level risk assessment
Key Indicators of Performance	<ul style="list-style-type: none">In comparison to the Audit Commission's nearest neighbours, for a number of the indicators the Council is not a significant outlier. However, we have noted that the level of sickness absence has increased in 2012-13 and remains above both the Council's target of 8 days and the public sector average.	 Green
Strategic Financial Planning	<ul style="list-style-type: none">The Council has a good understanding of the financial challenges it faces and is proactive in planning and taking action to address these issues. However, we do note that whilst we consider the Council to be making good progress in its strategic financial planning with good arrangements in place, the Council is facing significant reductions in funding and there remain risks and uncertainties in closing the budget gaps identified.	 Green
Financial Governance	<ul style="list-style-type: none">The Council has good arrangements in place to ensure understanding of the financial environment with appropriate engagement from stakeholders and Members.There are appropriate financial governance and monitoring arrangements in place at Member and officer level.	 Green
Financial Control	<ul style="list-style-type: none">The Council has a track record of delivering against budget and there is regular reporting of the financial position to Members.	 Green

Executive Summary

Next Steps

Area of review	Key points for consideration	Responsibility	Timescale	Management response
Key Indicators of Performance	<ul style="list-style-type: none">The Council should continue to actively monitor sickness absence to identify the causes of the recent increase, implement appropriate strategies to address these and ensure potential risks in relation to service delivery are effectively managed.			
Strategic Financial Planning	<ul style="list-style-type: none">None identified			
Financial Governance	<ul style="list-style-type: none">None identified			
Financial Control	<ul style="list-style-type: none">As the financial environment continues to become more challenging, the Council should consider separate monitoring and reporting of savings to Members in the format agreed when the budget was set, to further strengthen the financial control arrangements in place and to clearly identify where planned savings are not being realised.			

1 Executive Summary

2 Key Indicators

3 Strategic Financial Planning

4 Financial Governance

5 Financial Control

Appendix - Key indicators of financial performance

Key Indicators

Introduction

This section of the report includes analysis of key indicators of financial performance, benchmarked where this data is available. These indicators include:



- Working capital ratio
- Long term borrowing to tax revenue
- Long term borrowing to long term assets
- Sickness absence levels
- Out-turn against budget
- Useable Reserves: Gross Revenue Expenditure

We have used the Audit Commission's nearest neighbours benchmarking group comprising the following authorities:

- Arun District Council
- New Forest District Council
- North Norfolk District Council
- Chichester District Council
- Christchurch Borough Council
- East Dorset District Council
- Lewes District Council
- Purbeck District Council
- South Hams District Council
- South Lakeland District Council
- Teignbridge District Council
- Tendring District Council
- Wealden District Council
- West Dorset District Council




Key Indicators

Overview of performance

Area of focus	Summary observations	Assessment
Liquidity	<p>East Devon's working capital ratio at 31 March 2013 was 1.63:1. Whilst this is below the 2:1 ratio that is widely viewed as an appropriate ratio, it is not considered as being indicative of any liquidity issues for the Council, as discussed at previous Audit Committees.</p> <p>Whilst the 2012-13 collection rates of 98.7% for both Council Tax and business rates are slightly below the previous years performance, this performance places East Devon in the top 20% of all English local authorities for Council Tax collection and in the top third for collection of business rates. The Council monitors these indicators regularly, including them in the Council's quarterly performance reports.</p>	 Green
Borrowing	<p>East Devon's ratios of long term borrowing to long term assets and tax revenue saw a significant increase from 2011-12 due to the introduction of HRA Self Financing. However, the Council is not an outlier when compared with other HRA authorities.</p> <p>We have not identified any risks in relation to the level of borrowing and the resources available for its repayment, with the Council compliant with its Treasury Management Strategy.</p>	 Green

Key Indicators

Overview of performance

Area of focus	Summary observations	Assessment
Workforce	<p>From 2007-08 to 2012-13 the level of sickness absence has varied year on year , but it has been above the public sector average for four of the last five years. An average of 9.14 days were lost due to sickness in 2012-13 which is a deterioration from 2011-12 and above the target of 8.19 days.</p> <p>The Council has clearly highlighted sickness levels as an area of concern through the quarterly reporting to Members and is able to demonstrate an understanding of the importance of sickness management, regularly analysing the level of sickness between short term and long term sickness.</p> <p>East Devon is one of only two Councils in the South West with Investor in People Gold status, achieving this in January 2013.</p>	 Amber
Performance Against Budgets: revenue & capital	<p>The 2012-13 revenue budget was balanced with planned use of £178,000 from the general fund balance with further use of £126,000 agreed during the year through supplementary estimates. The outturn after consideration of approved use of resources was a £56,000 underspend.</p> <p>The Housing Account Revenue outturn position represented a £2,326,000 saving against budget. As the budget was set to achieve a surplus of £1,734,000, this has significantly increased the HRA balance above the recommended adopted level of £2,104,000.</p> <p>The capital spend for 2012-13 was £7,833,000, leading to an underspend of £3,384,000, 31% of the capital programme.</p>	 Green
Reserve Balances	<p>The Council's level of useable reserves is not an outlier in comparison to other similar authorities, and the general fund balance is significantly higher than the adopted minimum level set at £1,519,000 as the Council has agreed to maintain a higher balance because of the many financial uncertainties and risks facing the Council.</p> <p>In addition, the Council has set up a volatility fund with the purpose of mitigating the risks of fluctuations in future grant monies.</p>	 Green

1 Executive Summary

2 Key Indicators

3 Strategic Financial Planning

4 Financial Governance

5 Financial Control

Appendix - Key indicators of financial performance

Strategic Financial Planning



Key characteristics of good strategic financial planning

In conducting our review of strategic financial planning we have assessed the Council's performance against the following indicators:

- Focus on achievement of corporate priorities is evident through the financial planning process. The MTFP focuses resources on priorities.
- The MTFP includes outcome measures, scenario planning, benchmarking, resource planning and details on partnership working. Targets have been set for future periods in respect of reserve balances, prudential indicators etc.
- Annual financial plans follow the longer term financial strategy.
- There is regular review of the MTFP and the assumptions made within it. The Council responds to changing circumstances and manages its financial risks.
- The Council has performed stress testing on its model using a range of economic assumptions including CSR.
- The MTFP is linked to and is consistent with other key strategies, including workforce.
- KPIs can be derived for future periods from the information included within the MTFP.




Strategic Financial Planning

Medium Term Financial Strategy

Area of focus	Summary observations	Assessment
<p>Focus of the MTFP</p>	<p>The Council's Financial Plan (2013-2017) incorporating the Medium Term Financial Plan (MTFP) covering the five year period 2013-14 to 2017-18 was adopted in October 2012.</p> <p>The Plan sets out the context to the financial challenges being faced due to changes relating to local business rates retention, welfare reform and Council Tax technical reforms. It sets out the expected funding available to the Council alongside the expected costs in each year to give an overall financial forecast for the five year period. As a result the MTFP clearly identifies funding gaps for each financial year and seeks to provide a strategy to address these gaps.</p> <p>The Financial Plan provides the framework for the Council's budget setting process and led to a balanced 2013-14 budget being set in February 2013. This budget required £452,000 of savings after planned use of New Homes Bonus funds.</p>	<p> Green</p>
<p>Adequacy of planning assumptions</p>	<p>The Council's MTFP 2013-14 is based on a number of key assumptions including general inflation of 3% for 2013-14 and then varying in future years based upon figures from the Office of Budget Responsibility, 1% for employee pay for 2013-14 and 2014-15 and then 2% and investment returns of 1% rising to 1.5% from 2016-17. Support has been obtained in modelling the likely funding implications of the business rates retention scheme and the MTFP sets out the impact of 0.5% variations in growth to that assumed.</p> <p>The Council's budget gap over the medium term has increased from that initially set out in the Financial Plan (2013-2017) due to Freezing Council Tax for 2013-14 and further funding reductions announced in December 2012 beyond those assumed. The MTFP has been refreshed following the approval of the 2013-14 budget to highlight this budget gap of £1,878,000 for 2014-15 and further revisions will be made due to further Government announcements regarding grant funding and changes to New Homes Bonus.</p> <p>The Council has set up a volatility fund in order to minimise the risks associated with business rates retention and has a transformation reserve to assist with upfront costs needed in order to deliver longer term savings.</p> <p>The Council has set up a Fees and Charges Task and Finish Forum (TAFF) that is reviewing the levels of fees and charges by service areas which has included benchmarking against other local authorities</p>	<p> Green</p>

Strategic Financial Planning

Medium Term Financial Strategy

Area of focus	Summary observations	Assessment
<p>Scope of the MTFP and links to annual planning</p>	<p>The Council has ensured a strategic approach to financial planning through a rolling MTFP which is updated on an annual basis and used as the financial framework for the budget setting process. It sets out the financial challenges the Council faces in setting a balanced budget for the next five year period.</p> <p>The MTFP was refreshed in April 2013 to shows the latest five year financial forecasts and the Council is looking at closing the budget gap for the from 2014-15 to 2016-17, identifying all the expected savings before the 2014-15 budget is set providing a clearer, more sustainable financial context for implementing the Council's plans.</p>	 Green
<p>Review processes</p>	<p>Whilst setting the 2013-14 budget, it was agreed that the Council would begin work preparing the 2014-15 early in light of future budget shortfalls set out in the MTFP. As noted above, Members received a report in April 2013 setting out the work that had begun to address the budget gaps and making recommendations for progress in advancing these options.</p>	 Green
<p>Responsiveness of the Plan</p>	<p>Following the approval of the 2013-14 budget, the Council now face a cumulative budget gap of £3.973 million over the next five year period, with a budget gap of £1,878,000 for 2014-15.</p> <p>These gaps are before consideration of New Homes Bonus to fund the shortfall. Whilst this is a significant income stream to the Council, it is aware of the risks of over-reliance on this reward grant following recent Government announcements and has proposed that the amount to be used to fund the general fund budget should be limited so that reserves equivalent to two years of New Homes Bonus allocations are built up. These proposals were endorsed by Cabinet, requiring £1.54 million of savings to be identified to close the budget gap for 2014-15 to 2016-17.</p> <p>£1,785,000 of savings and income generation schemes have been identified by staff and a Member Budget Working Party has been set up to consider these budget saving proposals in order to close the £1.54 million gap. These schemes include £642,000 in respect of a 4% savings target for each portfolio.</p> <p>Whilst the Council has made good progress in identifying options to close the budget gap in the medium term, there remain uncertainties and risks, and the Council is aware that significant change is required over the long term and are looking at options for relocating from the current headquarters due to the high running and maintenance costs and the scope for efficiencies.</p>	 Amber

1 Executive Summary

2 Key Indicators

3 Strategic Financial Planning

4 Financial Governance

5 Financial Control

Appendix - Key indicators of financial performance

Financial Governance

Key characteristics of effective financial governance

In conducting our review of financial governance we have assessed the Council's performance against the following indicators:

Understanding

- There is a clear understanding of the financial environment the Council is operating within:
 - Regular reporting to Members. Reports include detail of action planning and variance analysis etc.
 - Actions have been taken to address key risk areas.
 - Officers and managers understand the financial implications of current and alternative policies, programmes and activities.

Engagement



- There is engagement with stakeholders including budget consultations.

Monitoring and review

- There are comprehensive policies and procedures in place for Members, Officers and budget holders which clearly outline responsibilities.
- Number of internal and external recommendations overdue for implementation.
- Committees and Cabinet regularly review performance and it is subject to appropriate levels of scrutiny.
- There are effective recovery plans in place (if required).




Financial Governance

Understanding and engagement

Area of focus	Summary observations	Assessment
Understanding the Financial Environment	<p>The Senior Management Team clearly understand the financial environment in which they operate and there is regular communication with Members regarding key changes to the financial environment such as localisation of Council Tax.</p> <p>The Cabinet receive monthly budget monitoring reports to enable them to understand the current financial position of the Council and work to develop a strategy to close the 2014-15 budget gap started immediately after the approval of the 2013-14 budget. Members received a report in April 2013 setting out the work that had begun to address the budget gaps and making recommendations for progress in advancing these options.</p>	 Green
Executive and Member Engagement	<p>Review of the 2013-14 budget setting process indicates that there is appropriate engagement in the process following the adoption of the Medium Term Financial Strategy, with budget proposals adopted by Cabinet and then recommended for consideration by the Overview & Scrutiny Committee and the Housing Revenue Board before reconsideration by Cabinet ahead of full Council approval in February 2013.</p> <p>The Council has sought to build the level of Member engagement through further Member involvement in closing the budget gap through a Budget Working Party looking at possible cost saving schemes and to allow more time for Member consideration of proposals by bringing forward the work on setting the financial strategy.</p> <p>The Senior Management Team meet regularly and discuss key financial and performance issues as required and will be reviewing proposals to meet savings target in September 2013.</p> <p>In the year, allegations were reported in the media regarding perceived inappropriate activity of one Councillor in relation to planning applications. The Council referred this matter to the Police and Internal Audit were requested to undertake a review of governance arrangements in respect of Members. This noted that the Council had taken appropriate action in this instance and a reasonable assurance opinion was provided over the arrangements in place.</p>	 Green

Financial Governance

Understanding and engagement

Area of focus	Summary observations	Assessment
Overview for controls over key cost categories	<p>The Audit Commission's Value for Money profiles show that whilst running expenses as a proportion of total spend are higher than that for the comparator group, the Council's spend on management and support services and total net spend per head are significantly lower than the comparator group of authorities, with spend in the lowest 20% for 2011-12.</p>	 Green
Budget reporting: revenue and capital	<p>The Cabinet receive monthly budget monitoring information. These reports set out details in respect of:</p> <ul style="list-style-type: none"> the General Fund – Members are presented with current variations against budget, any changes to the budget and the forecast outturn position for the year end along with its effect on the predicted general fund balance at the year end. In addition, these reports provide an analysis of income variations to date and forecast for the full year for car parks, land charges, planning and building control. HRA – an analysis of year to date variations against the budget and year end predicted variations are set out along with the effect on the predicted HRA balance. capital – an analysis of current variations against the capital programme budget is included and the expected year end capital reserve. <p>The reports do not separately report progress against savings targets as set out when the budget was approved.</p>	 Green
Adequacy of other Committee/ Cabinet Reporting	<p>Performance against target for key financial performance measures such as payment of invoices within 30 days and collection rates for Council Tax and NNDR is reported through the Council's quarterly performance reports to the Overview and Scrutiny Committee.</p> <p>In addition, the Treasury Management annual strategy, half yearly review and annual report are considered by the Cabinet.</p>	 Green

1 Executive Summary

2 Key Indicators

3 Strategic Financial Planning

4 Financial Governance

5 Financial Control

Appendix - Key indicators of financial performance

Financial Control

Key characteristics of effective financial control

In conducting our review of financial control we have assessed the Council's performance against the following indicators:

Budget setting and budget monitoring

- Budgets are robust and prepared in a timely fashion.
- Budgets are monitored at an officer, member and Cabinet level and officers are held accountable for budgetary performance.
- Financial forecasting is well-developed and forecasts are subject to regular review.

Savings Plans

- Processes for identifying, delivering and monitoring savings plan schemes are robust, well thought through and effective.

Financial Systems

- Key financial systems have received satisfactory reports from internal and external audit.
- Financial systems are adequate for future needs.

Finance Department




- The capacity and capability of the Finance Department is fit for purpose.

Internal Control

- There is an effective internal audit which has the proper profile within the organisation. Agreed Internal Audit recommendations are routinely implemented in a timely manner.
- There is an assurance framework in place which is used effectively by the Council and business risks are managed and controlled.





Financial Control

Internal arrangements

Area of focus	Summary observations	Assessment
Budget setting and monitoring - revenue and capital	<ul style="list-style-type: none"> The Medium Term Financial Plan 2013-17 was adopted in October 2012 and used as the foundation document for the Council's budget setting process. The 2013-14 budget was then approved in February 2013 following consideration of budget proposals by Cabinet and review by the Overview & Scrutiny Committee and the Housing Revenue Board before reconsideration by Cabinet ahead of full Council approval in February 2013. A balanced 2013-14 budget was set by closing the budget gap of £1.256 million through £452,000 of savings /income generation and through £804,000 of New Homes Bonus. Immediately following approval of the 2013-14 budget work has begun on developing the strategy to close the 2014-15 and 2015-16 budget gaps, with this being undertaken as a two year exercise. Performance against general fund budget, HRA and the Capital Programme is reported to Members on a monthly basis. These reports provide an overview of year to date variances from budget and the forecast year end position, as well as an estimate of the level of reserves at year end. 	 Green
Performance against Savings Plans	<ul style="list-style-type: none"> The Council has a strong track record of delivering against budget as set out in the appendix of this report. The 2012-13 budget was balanced through planned use of reserves and a savings target of £175,000 and the year end position was a £56,000 underspend against this agreed budget. The 2013-14 general fund revenue budget approved by Council in February 2013 included savings and income generation schemes of £452,000 which were then incorporated into the budget. Whilst overall performance against the budget is reported on a monthly basis, performance against the savings schemes is not separately reported back to Members. Although this is considered adequate for the Council, consideration could be given to the monitoring and reporting of savings to further strengthen arrangements in place and more closely identify where planned savings are not being realised. This will become of increasing importance due to the challenges being faced by the Council in closing the budget gap over the medium term. 	 Amber
Key Financial Accounting Systems	<ul style="list-style-type: none"> The most recent Internal Audit report on the main accounting system was given a 'reasonable' assurance opinion and did not highlight any significant areas of concern. Internal Audit also reviewed the payroll, housing rents and housing and Council Tax benefit system for 2012-13, with all of these receiving 'reasonable' or 'substantial' assurance. 	 Green

Financial Control

Internal and external assurances

Area of focus	Summary observations	Assessment
Finance Department Resourcing	<ul style="list-style-type: none"> The Section 151 Officer is responsible for the finance team and is a member of the shared senior management team. The Council is considered to have a stable finance team and have sought to strengthen the technical capacity of the team following a significant number of adjustments to the Statement of Accounts in recent years. 	 Green
Internal audit arrangements	<ul style="list-style-type: none"> The Council has an effective internal audit function which is delivered by the South West Audit Partnership. Internal Audit plans have to be approved by the Audit Committee annually and their findings are reported to the Audit Committee and management regularly. In June 2013 the Internal Audit Group Manager presented his annual opinion to support the Annual Governance Statement. Overall the opinion is that reasonable assurance can be given in respect of the areas reviewed that they are well controlled, with internal controls in place and operating effectively. 	 Green
External audit arrangements	<ul style="list-style-type: none"> The 2011-12 Annual Audit Letter summarised the work that we had performed for 2011-12 and that we issued an unqualified audit and VFM conclusion. It did highlight areas where arrangements could be improved, particularly in relation to the preparation of the Statement of Accounts. Officers have been seeking to address these issues throughout 2012-13. 	 Green
Assurance framework/ risk management	<ul style="list-style-type: none"> Significant efforts were made to improve risk management arrangements in 2011-12 including an updated risk management policy and guidance. Bi annual risk reviews are presented to the Audit & Governance Committee with the most recent being considered at the June 2013 Committee meeting. These reviews highlight new risks and changes in risk score as well as details of the strategic and operational risks identified alongside the pure and residual assessed risk score and a summary of mitigating and management actions undertaken and proposed to manage the identified risks. 	 Green

1 Executive Summary

2 Key Indicators

3 Strategic Financial Planning

4 Financial Governance

5 Financial Control

Appendix - Key indicators of financial performance

Key Indicators of Financial Performance

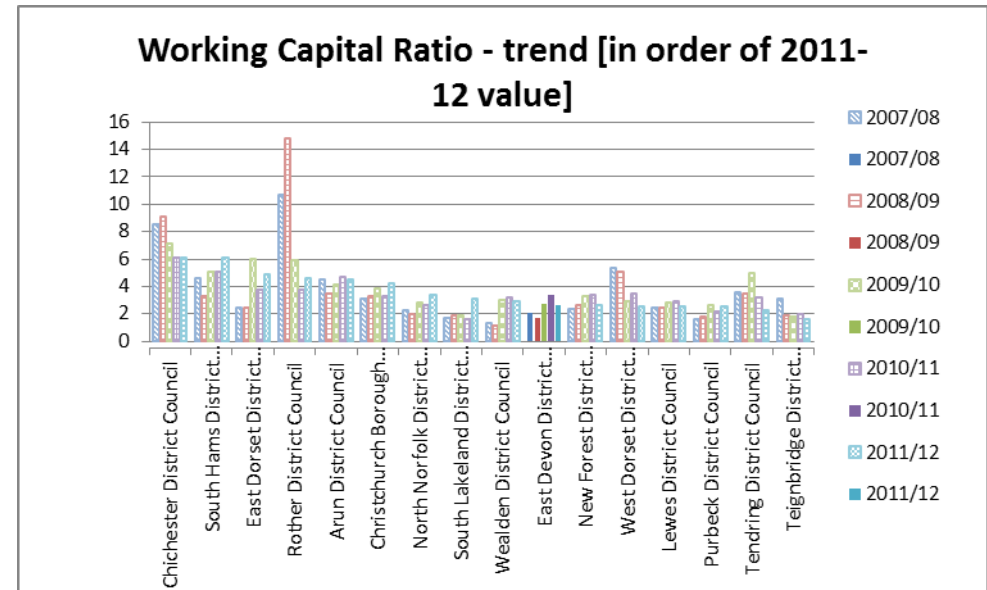
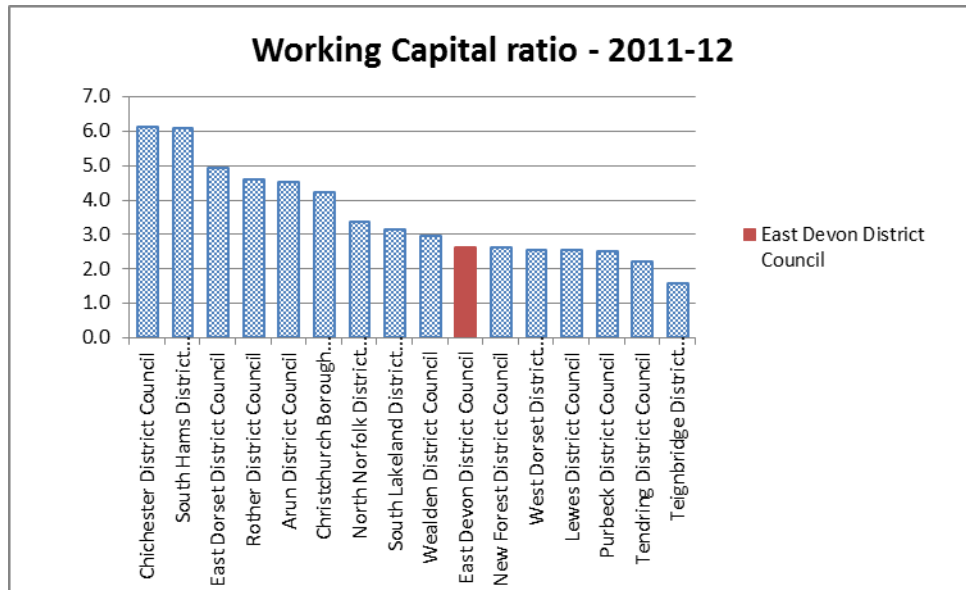
Working Capital - Benchmarked

Definition

The working capital ratio indicates if an authority has enough current assets, or resources, to cover its immediate liabilities - i.e. those liabilities to be met over the next twelve month period. A ratio of assets to liabilities of 2:1 is usually considered to be acceptable, whilst a ratio of less than one - i.e. current liabilities exceed current assets - indicates potential liquidity problems. It should be noted that a high working capital ratio isn't always a good thing; it could indicate that an authority is not effectively investing its excess cash.

Findings

East Devon's working capital ratio at 31 March 2013 was 1.63:1 and represents a fall from 2.62 at 31 March 2012. Whilst the Council's ratio is below 2:1, it is not considered indicative of any liquidity issues.



Key Indicators of Financial Performance

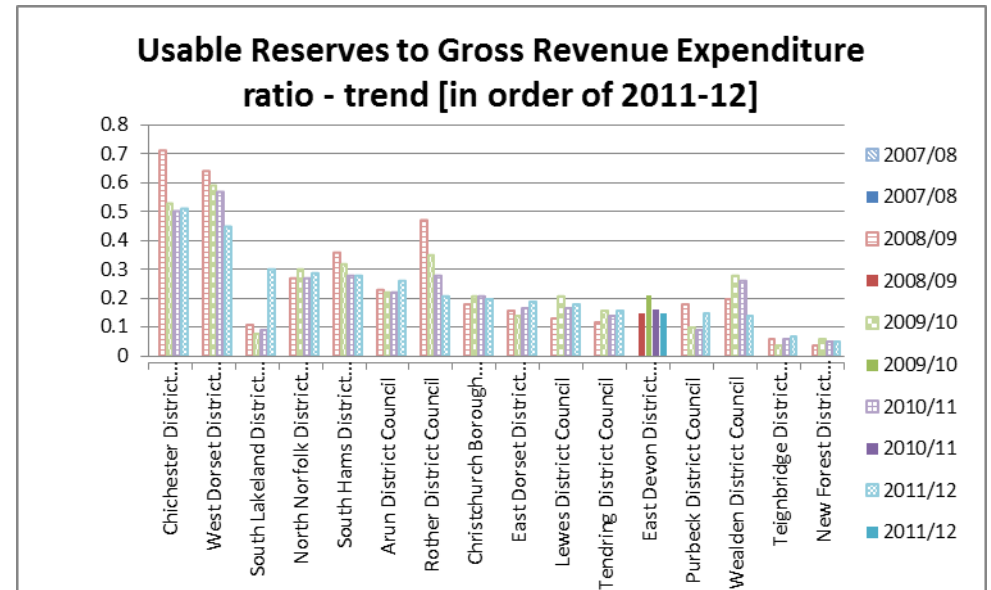
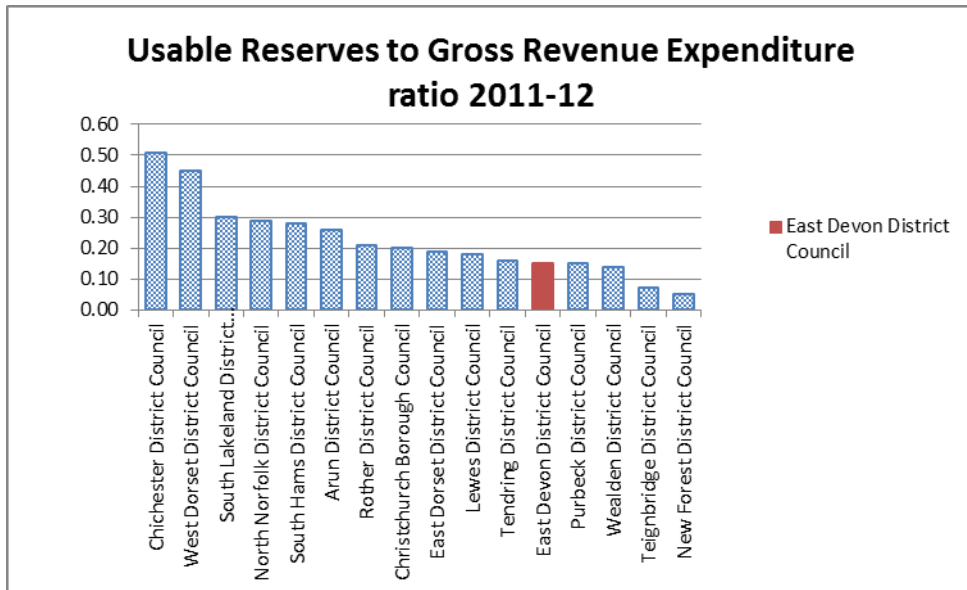
Useable Reserves - Benchmarked

Definition

This shows useable capital and revenue reserves as a share of expenditure. A ratio of one means the total reserves matches the level of expenditure.

Findings

The level of East Devon's useable reserves in proportion to gross revenue expenditure has reduced slightly from 0.15 to 0.14 for 2012-13. Whilst, 0.15 was below the average of 0.22 based on the Council's comparator group shown below, the average for the HRA authorities at 31 March 2012 was 0.13. The Council has determined that the adopted level for the minimum level of the general fund should be set at £1,519,000 and the Council's General Fund stands £2,291,000 above this at 31 March 2013.



Key Indicators of Financial Performance

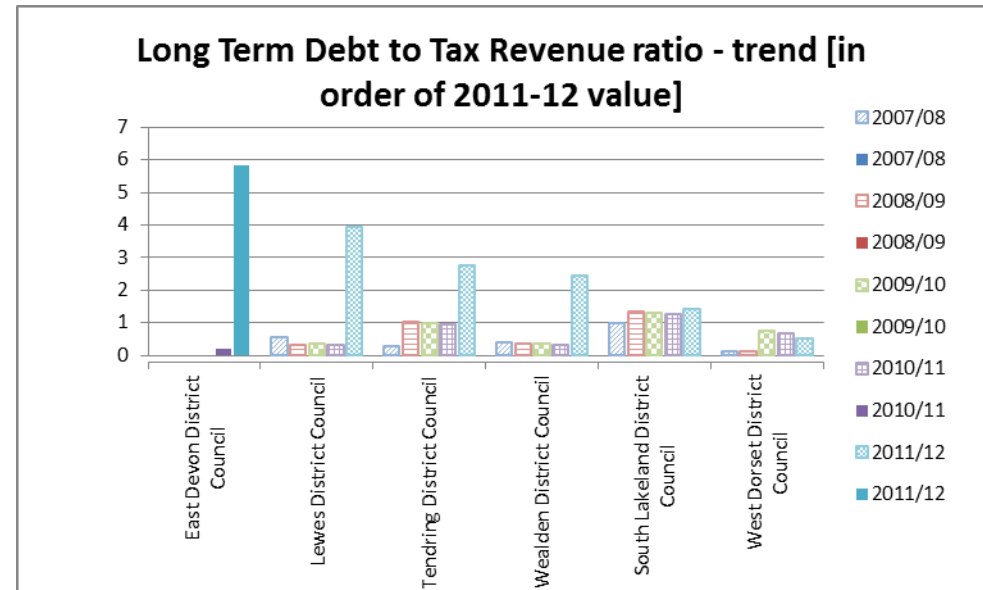
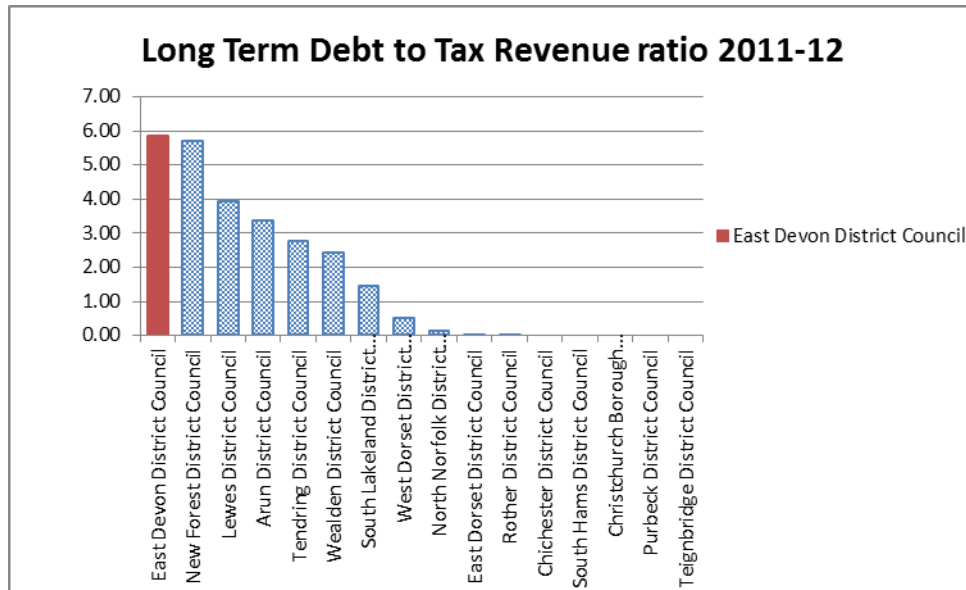
Long Term Borrowing to Tax Revenue - Benchmarked

Definition

Shows long term borrowing as a share of tax revenue (Council Tax income, Revenue Support Grant and non-domestic rates income). A ratio of more than one means that long term borrowing exceeds tax revenues.

Findings

East Devon's ratio of 5.82 for 2011-12 indicates that it has long term borrowing exceeds tax revenue almost six times. However, this is due to a significant increase in the level of long term borrowing, mainly as a result of Housing Revenue Account (HRA) Self Financing arrangements which led to HRA authorities taking on new borrowing at the end of 2011-12. Considering only HRA authorities, the average level of long term borrowing to tax revenue stood at 4.57, indicating that East Devon lies just above the average of this separate comparator group which has a range of 24 to 0.07.



Key Indicators of Financial Performance

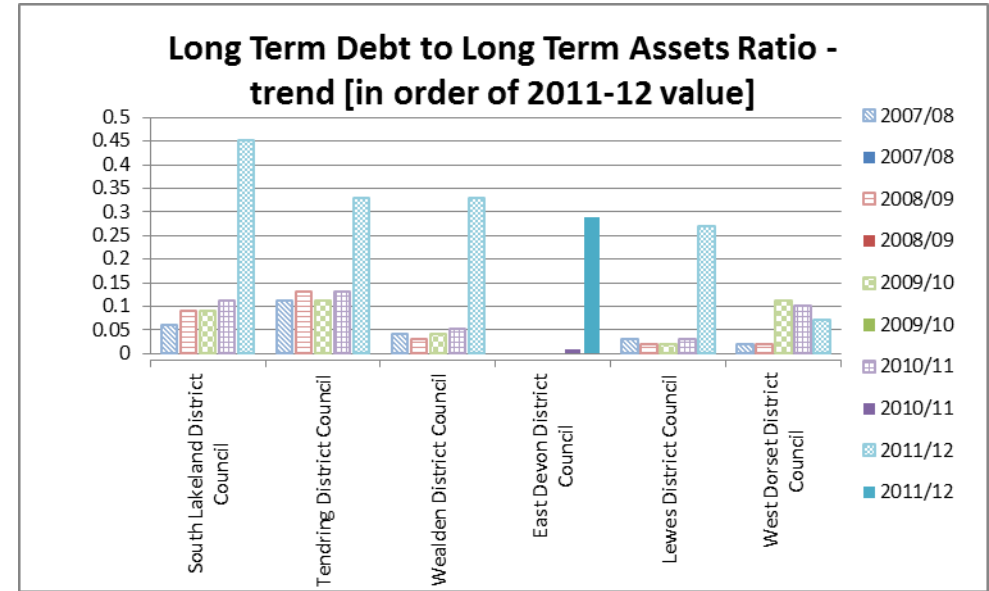
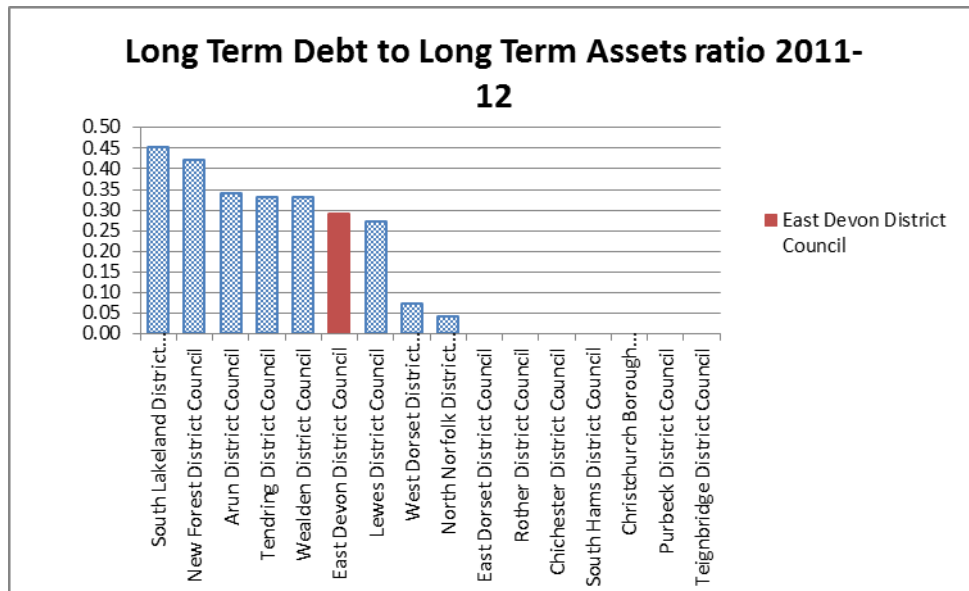
Long-term borrowing to Long-term assets - Benchmarked

Definition

This ratio shows long term borrowing as a share of long term assets. A ratio of more than one means that long term borrowing exceeds the value of long term assets.

Findings

East Devon took on long term borrowing of £1.2 million in 2011, with a significant increase in the level of long term borrowing in March 2012 as a result of Housing Revenue Account (HRA) Self Financing arrangements which led to HRA authorities taking on new borrowing at the end of 2011-12. Considering only HRA authorities, the average level of long term borrowing against long term assets stood at 0.34, indicating that East Devon lies below the average of this separate comparator group which has a range of 0.01 to 0.72.

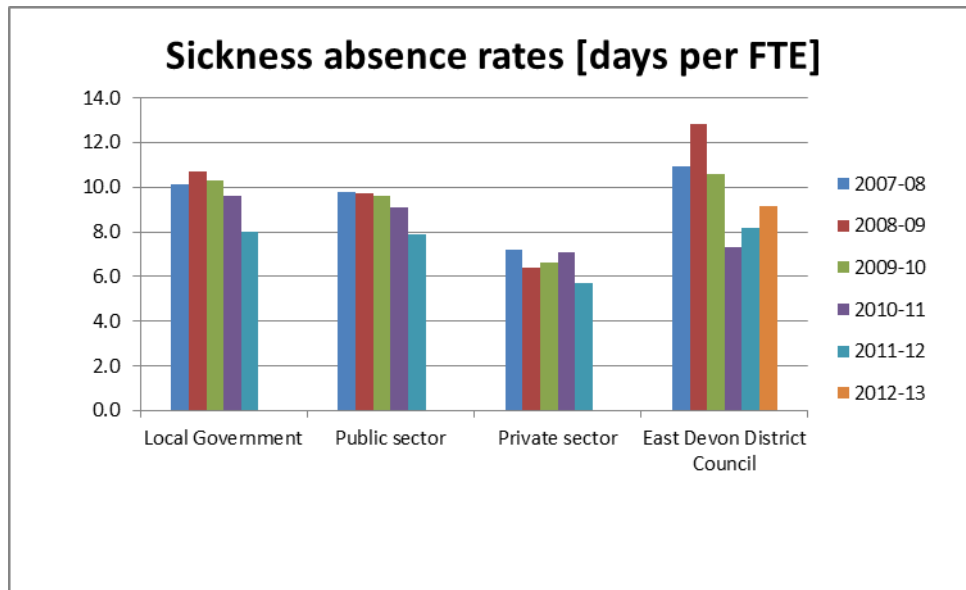


Key Indicators of Financial Performance

Sickness Absence Levels

Background

The average sickness absence level for the public sector in 2011-12 was 7.9 days per FTE, whilst the private sector average was 5.7 days. Many councils have taken a proactive approach to reducing the number of days lost to sickness each year. Costs that accrue from sickness absence relate to the hiring of agency staff to cover staff gaps, or from holding a larger workforce complement than is desirable. Absence also damages service levels either through staff shortage or lack of continuity. Reducing absenteeism saves money, improves productivity and can have a positive customer benefit. Absence management will be a particular challenge for all authorities during SR10, given the context of significant pressures on staff to deliver "more for less".



Findings

The average number of days sickness per FTE is reported within the Council's quarterly performance reports which are presented on a quarterly basis to the Overview & Scrutiny Committee.

An average of 9.14 days were lost due to sickness in 2012-13 which is a deterioration from 2011-12 and above the target of 8.19 days.

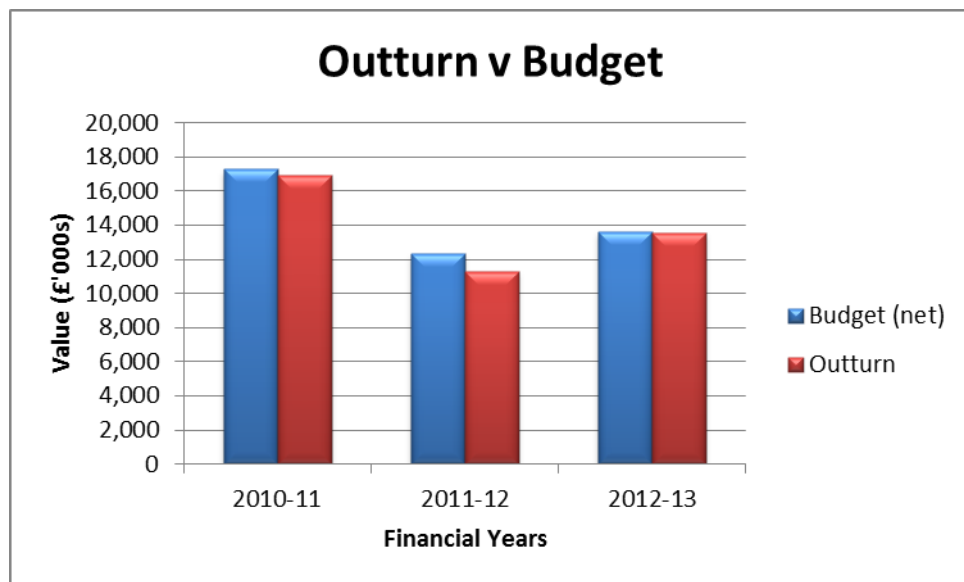
The Council has analysed the sickness absence information, looking at levels of short term and long term sickness and the most common causes of absence. It is clear that the Council are seeking to drive improvement in sickness absence levels and are offering flu vaccinations to staff on a trial basis.

Key Indicators of Financial Performance

Performance Against Budget: Track Record

Budget setting requires a consideration of service provision by the Council and the funding that will be available to meet this expenditure requirement. The outturn at the year end is an indication of how accurate the forecasting process was and provides evidence as to whether Councils are aware of the local economic situation and are therefore realistic in the assumptions that they have made.

The Council has continued to deliver an underspend against its budget. The unaudited 2012/13 financial statements highlight that the Council has delivered a budget underspend of £56,000 after planned use of reserves. In 2011-12, it delivered an underspend of £1,013,000 and in 2010-11 an underspend of £342,000.



Source: East Devon District Council outturn reports



© 2013 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' means Grant Thornton UK LLP, a limited liability partnership.

Grant Thornton is a member firm of Grant Thornton International Ltd (Grant Thornton International). References to 'Grant Thornton' are to the brand under which the Grant Thornton member firms operate and refer to one or more member firms, as the context requires. Grant Thornton International and the member firms are not a worldwide partnership. Services are delivered independently by member firms, which are not responsible for the services or activities of one another. Grant Thornton International does not provide services to clients.

grant-thornton.co.uk

Agenda Item: 09

Audit and Governance Committee

26 September 2013

AE



Internal Audit Plan – Half Yearly Update 2013/14

Summary

This report provides the outturn position for the Internal Audit Plan at the end of September 2013, providing an update for Quarters 1 and 2.

Recommendation

To note the content of the Internal Audit Progress Report.

a) Reasons for Recommendation

As a key element of its Governance arrangements the Council have a partnership arrangement with South West Audit Partnership to deliver an annual internal audit plan. The Audit Manager for SWAP, together with the Council's S151 Officer and in consultation with the Senior Management Team produced an Audit Plan for 2013-14 that was approved by the Audit and Governance Committee in March 2013.

The Committee are required to review the progress of the audit plan.

b) Alternative Options

None

c) Risk Considerations

None

d) Policy and Budgetary Considerations

There are no financial implications associated with this recommendation.

e) Date for Review of Decision

N/A

1 Main Body of the Report

The Audit Committee agreed the 2013/14 Internal Audit plan at its March 2013 meeting. This is a progress report on audit findings during the financial year to date.

Appendix A - Report of Internal Activity for Quarters 1 and 2

Appendix B - Plan Progress Table with Status and Opinion for each audit

Appendix C - Significant Corporate Risks and Management Action Update

Appendix D - Audit Opinion Definitions

Legal Implications

None

Financial Implications

No direct financial implications.

Consultation on Reports to the Cabinet

None

Background Papers

- Approved Internal Audit Plan 2013/14 – Audit and Governance Meeting March 2013.

Andrew Ellins - Audit Manager

Tel: 01935 385906 / 07720312464

andrew.ellins@southwestaudit.co.uk

Audit and Governance Committee
26 September 2013

APPENDIX A



East Devon District Council

Report of Internal Audit Activity
Quarter 1 and 2 Update, 2013-14

Contents

The contacts at SWAP in connection with this report are:

Gerry Cox

Head of Internal Audit Partnership

Tel: 01935 385906

gerry.cox@southwestaudit.co.uk

Ian Baker

Group Audit Manager

Tel: 07917 628774

ian.baker@southwestaudit.co.uk

Andrew Ellins

Audit Manager

Tel: 07720 312464

andrew.ellins@southwestaudit.co.uk

Summary:

Role of Internal Audit Overview of Internal Audit Activity	Page 1
Internal Audit Work Programme 2013/14:	Page 2
Operational Audits	Page 3
Key Controls Audits	Page 4
Information Systems	Page 4
Governance, Fraud and Corruption	Page 5
Special Reviews	Page 5
Future Planned Work	Page 6
Conclusions	Page 6

Our audit activity is split between:

- **Operational Audit**
- **Key Control Audit**
- **Governance, Fraud & Corruption Audit**
- **IT Audit**
- **Special Reviews**

Role of Internal Audit

The Internal Audit service for East Devon District Council is provided by the South West Audit Partnership (SWAP). SWAP has adopted and works to the Standards of the Institute of Internal Auditors, but also follows the CIPFA Code of Practice for internal audit. The Partnership is also guided by the Internal Audit Charter last approved in June 2013.

Internal Audit provides an independent and objective opinion on the Authority’s control environment by evaluating its effectiveness. Primarily the work includes;

- Operational Audit Reviews
- Annual Review of Key System Controls
- Cross Cutting Fraud and Governance Reviews
- IT Audit Reviews
- Other Special or Unplanned Reviews

Overview of Internal Audit Activity

Internal Audit work is largely driven by an Annual Audit Plan. This is approved by the Section 151 Officer following consultation with Directors, Assistant Directors, Service Managers and External Audit. This year’s Audit Plan was approved by the Audit Committee at its meeting in March 2013.

Audit assignments are undertaken in accordance with this Plan to assess current levels of governance, control and risk.

Quarter 1&2 Outturn:

We rank our recommendations on a scale of 1 to 5, with 1 being minor or administrative concerns to 5 being areas of major concern requiring immediate corrective action

Internal Audit Work Programme

The schedule provided at [Appendix B](#) contains a list of all audits as agreed in the Annual Audit Plan 2013/14. It is important that Members are aware of the status of all audits and that this information helps them place reliance on the work of Internal Audit and its ability to complete the plan as agreed.

Where we find a risk that requires improvement we prioritise these based on the impact and likelihood to the Service. Any risks that we have ranked as high or very high ('significant') have been attached in detail in [Appendix C](#).

Each completed assignment includes its respective "control assurance" opinions together with the number and relative ranking of recommendations that have been raised with management. The assurance opinion ratings have been determined in accordance with the Internal Audit "Audit Framework Definitions" as shown in [Appendix D](#).

Where assignments record that recommendations have been made to reflect that some control weaknesses have been identified as a result of audit work, these are considered to represent a less than significant risk to the Council's operations. However, in such cases, the Committee can take assurance that improvement actions have been agreed with management to address these.

Quarter 1&2 Outturn:

Audit Assignments undertaken in the Quarter

- Operational Audits

Operational Audits

Operational Audits are a detailed evaluation of a Service’s control environment. A risk evaluation matrix is devised and controls are tested. Where weaknesses or areas for improvement are identified, actions are agreed with management and target dated.

In Quarter 1 and 2 there were five Operational audits planned;

Audit Area	Opinion	Audit Area	Opinion
Asset Management - Leasing	In Progress	Corporate Procurement Cards	▲★☆☆ Partial
Corporate Risk Register	▲★★★ Reasonable	NNDR - Managing New Risks and Opportunities	Deferred to Qtr 3
Planning	▲★★★ Reasonable		

The NNDR - Managing New Risks and Opportunities audit has been rescheduled for Qtr3 as the initial background work found that the key process changes will not have been embedded until later in the year.

For Corporate Procurement Cards the Auditor found a number of controls that need improving and details of these are recorded in Appendix C.

Two non-opinion Operational Follow Up Audits were also planned for Qtr 2;

- Income Collection – completed
- Leisure East Devon – in progress

Quarter 1&2 Outturn:

Audit Assignments undertaken in the Quarter

- Key Control Audits
- Information Systems

Key Controls Audits

Key Control Audits are completed to assist the External Auditor in their assessment of the Council’s financial control environment. It is essential that all key controls identified by the External Auditors are operating effectively to provide management with the necessary assurance that there is a satisfactory framework of internal control.

Key control audits provide assurance over the main financial systems;

Capital Accounting	Debtors	Payroll
Council Tax and NNDR	Housing and Council Tax Benefits	Treasury Management
Creditors	Main Accounting	Housing Rents

These audits are always undertaken in Qtr 3 (October – December) and therefore no update is available as yet for 2013/14.

Information Systems

Information Systems – IT audits provide the Authority with assurance with regards to their compliance with industry best practice. As with Operational Audits, an audit opinion is given. In Quarters 1 & 2 there were three IT audits planned, two of which have been deferred at the request of the Client.

Audit Area	Opinion	Audit Area	Opinion
ICT Strategy including Shared Services	Deferred	Disaster Recovery	Deferred
Corporate Backup Routines	▲★★★ Reasonable		

Quarter 1&2 Outturn:

Audit Assignments undertaken in the Quarter

- Governance, Fraud and Corruption Audits
- Special Reviews

Governance, Fraud and Corruption Audits

Governance, Fraud and Corruption Audits focus primarily on key risks relating to cross cutting areas that are controlled and/or impact at a Corporate rather than Service specific level. It also provides an annual assurance review of areas of the Council that are inherently higher risk. This work will in some cases enable SWAP to provide management with added assurance that they are operating best practice as we will be conducting these reviews at all of our Client sites.

There were three governance audits planned for Quarter 1&2;

Audit Area	Opinion	Audit Area	Opinion
Governance Arrangements - Councillors	▲☆☆☆ Reasonable	Fighting Fraud Locally	In Progress
Council Tax Reduction Scheme	Deferred to Qtr 3		

Special Reviews

An investigation into the Planning Application Decision Making process was completed and reported to management in April 2013. This was a non opinion audit.

We keep our audit plans under regular review, so as to ensure we are auditing the right things at the right time.

Future Planned Work

This is detailed in [Appendix B](#) and is subject to any changes in agreement with the S151 officer.

Conclusions

For the audits completed to report stage, each report contains an action plan with a number of recommendations which are given service priorities. Definitions of these priorities can be found in the Categorisation of Recommendations section of [Appendix D](#).

The Committee will be aware that in June 2013, SWAP were pleased to provide an Audit Opinion for the Annual Governance Statement for 2012/13 that gave Reasonable Assurance.

Our approach to the audits for 2013/14 reflects this positive assurance and we are seeking to undertake more challenging and cross-cutting reviews rather than traditional service reviews that we have done over recent years, given that these areas have now proven themselves to have adequate and often good internal controls. We shall continue to give ongoing assurance on key controls, but similarly we can do this with less resource than we have previously.

A list of all audits planned for 2013/14 and their status at the end of Quarter 2 are detailed in [Appendix B](#).

High Priority Findings identified from the work completed so far in Quarter 1 and 2 relates to Corporate Procurement Cards and Corporate Back up Routines. These are detailed for information in [Appendix C](#).

East Devon District Council Audit Plan Progress 2013/14 - Qtr 1 and 2 Update

APPENDIX B

Audit Type	Audit Title	Quarter	Status	Opinion	No. of recs	Major - Recommendations - Minor				
						5	4	3	2	1
Advice	Council Office Relocation	1	In Progress	Non Opinion	0	0	0	0	0	0
Governance, Fraud &	Governance Arrangements - Councillors	1	Final	Reasonable	2	0	0	2	0	0
ICT	Disaster Recovery	1	Deferred		0	0	0	0	0	0
ICT	Corporate Back-Up Routines	1	Final	Reasonable	4	0	1	2	1	0
Operational	Asset Management - Leasing	1	In Progress		0	0	0	0	0	0
Operational	Corporate Risk Register	1	Final	Reasonable	6	0	0	4	2	0
Follow Up	Leisure East Devon	2	In Progress		0	0	0	0	0	0
Follow Up	Income Collection	2	Final	Non Opinion	0	0	0	0	0	0
Governance, Fraud &	Fighting Fraud Locally	2	In Progress		0	0	0	0	0	0
Governance, Fraud &	New Council Tax Support Scheme	2	Deferred		0	0	0	0	0	0
ICT	ICT Strategy including Shared Services	2	Deferred		0	0	0	0	0	0
Operational	Planning	2	Draft	Reasonable	0	0	0	0	0	0
Operational	Corporate Procurement Cards	2	Final	Partial	17	0	10	7	0	0
Operational	NNDR - Managing New Risks and Opportunities	2	Deferred		0	0	0	0	0	0
Governance, Fraud &	Debt Management	3			0	0	0	0	0	0
ICT	Software Licensing	3			0	0	0	0	0	0
Key Control	Treasury Management	3			0	0	0	0	0	0
Key Control	Payroll	3			0	0	0	0	0	0
Key Control	Housing & Council Tax Benefits	3			0	0	0	0	0	0
Key Control	Creditors	3			0	0	0	0	0	0
Key Control	Council Tax/NNDR	3			0	0	0	0	0	0
Key Control	Main Accounting	3			0	0	0	0	0	0
Key Control	Debtors	3			0	0	0	0	0	0
Key Control	Housing Rents	3			0	0	0	0	0	0
Key Control	Capital Accounting	3			0	0	0	0	0	0
Follow Up	Arts & Culture	4			0	0	0	0	0	0
ICT	Mobile and Remote Working – ICT	4			0	0	0	0	0	0
Operational	Procurement Rules Compliance	4			0	0	0	0	0	0
Operational	Streetscene Asset Inspections (Public Safety)	4			0	0	0	0	0	0

High Priority Findings and Recommendations

Appendix C

Report Date	Weakness Found	Risk Identified	Agreed Action	Responsible Officer	Agreed Date
Corporate Back Up Routines					
20/05/2013	Presently the backup servers remain within the main building and other systems are still being backed up to tape, which although approximately 100 metres from the main building are still within the Council grounds.	If the backup servers remain within the main Council building there is a risk in the advent of a disaster the recovery of critical systems will be hampered. Without a process in place to move data backed up to tape offsite there is a risk, in the advent of a disaster and the site being cordoned off, it may not be possible to access the backup tapes.	It was agreed that the ICT Design and Compliance Manager would ensure: <ul style="list-style-type: none"> • the prompt relocation of the backup servers to the offsite storage facility; • a risk assessment of the premises is undertaken; • a risk assessment of the current backup arrangements for tapes is carried out with a view to storing these offsite as well. 	ICT Design and Compliance Manager	31/07/2013
Corporate Procurement Cards					
30/07/2013	Card numbers are visible on the new monthly Summary templates.	There is a risk that these card numbers could be used to complete a fraudulent transaction.	It was agreed that the Income and Payment Officer will remove the card numbers from the monthly summary sheets.	Income and Payment Officer	31/08/2013
30/07/2013	Unused Cards are not cancelled or destroyed.	Until the unused cards are cancelled by the bank, there is a risk that they may be used for unauthorised or fraudulent transactions.	It was agreed that the Income and Payments Officer will record whether a card has been used each month (from the bank statements) and contact the cardholder to ascertain whether the card is needed where the card is inactive for 3 consecutive months.	Income and Payment Officer	31/08/2013
30/07/2013	Cancellation of HSBC cards	Until the unused cards are cancelled by the bank, there is a risk that they may be used for unauthorised or fraudulent transactions.	It was agreed that that Income and Payment Officer will formally write to the bank listing the unused cards and requesting immediate cancellation. Copies of this correspondence should be retained.	Income and Payment Officer / S151	30/09/2013

30/07/2013	The transfer to the new Co-op cards has resulted in breaches in internal control.	<p>Until every officer is issued with their own card, there may be a risk that officers regard card sharing as accepted practice. Officers sharing cards have not been asked to sign Cardholder Undertakings or been provided with Instructions to Cardholders. Therefore there is a risk that cards are not held safely or used in line with Council procedures.</p> <p>Should a fraudulent transaction occur on the card, the Bank may refuse to reimburse the Council if it is found that it is not the named cardholders in possession of the card.</p>	It was agreed that the Income and Payments Officer will ensure that officers currently sharing cards are issued with new Co-op cards as soon as possible, along with a clear message to these officers that although card sharing was previously sanctioned by management, this was for a specific purpose and is no longer acceptable.	Income and Payment Officer ☑	01/11/2013
30/07/2013	Guidance for Cardholders requires updating.	Unless guidance is clear, there is a risk that cardholders may not follow best practice or confusion over roles and responsibilities could arise. Lost or stolen cards may not be cancelled or suspended promptly, leading to an increased risk of fraudulent transactions occurring.	It was agreed that the Income and Payments Officer will ensure that the Instructions for Cardholders and Cardholder Undertaking are updated to ensure they reflect current processes, best practice, and any instructions circulated by email is issued to all cardholders.	Income and Payment Officer ☑	01/11/2013
30/07/2013	Cardholder Undertakings are not signed by all cardholders.	There is a risk that cardholders have not been made aware of their responsibilities in relation to holding a purchase card, and that they may use it for unauthorised transactions (e.g. personal use).	It was agreed that the Income and Payments Officer will ensure that all cardholders sign an updated Cardholder Undertaking.	Income and Payment Officer ☑	01/11/2013
30/07/2013	Instructions for authorised shared card users.	There is a risk that cardholders have not been made aware of their responsibilities in relation to holding a purchase card, and that they may use it for unauthorised transactions (e.g. personal use).	It was agreed that the Income and Payments Officer will ensure that a Cardholder Undertaking is signed by all officers using shared purchase cards, authorised by Senior Management.	Income and Payment Officer	31/08/2013

30/07/2013	There is no regular reporting to management on the use of procurement cards.	However, until management receive regular, reliable data on card usage, there is a risk that the cards do not achieve the expected level of benefit, and this is not recognised and corrected.	It was agreed that the Income and Payments Officer will ensure that relevant management information is made available to senior officers to enable them to monitor procurement card usage on a regular basis, through development of a suitable suite of 360 degree reports.	Income and Payment Officer	31/12/2013
30/07/2013	Sharing of cards.	Unless an EDDC application form is completed for Co-op cardholders, there is a risk that the underlying Business Case setting out the need to have a card may not be justified.	It was agreed that the Income and Payments Officer will seek and retain formal senior management approval where it is agreed that certain procedures are to be overridden. The reasons for these exceptions should be recorded.	Income and Payment Officer	31/08/2013
30/07/2013	Expenditure Authorisation.	Where expenditure has not been authorised by line management, there is a risk that the expenditure is not a valid business expense. In addition, without a clear audit trail showing who authorised the transaction, what has been checked and what it relates to, there is a risk that fraud may take place and not be detected.	It was agreed that the Assistant Accountant will return paperwork to cardholders where the order control sheets and expenditure summaries are unclear or incomplete, or have not been authorised at the correct level.	Assistant Accountant	31/08/2013

Audit Framework Definitions

Control Assurance Definitions

Substantial	▲ ★★★ I am able to offer substantial assurance as the areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.
Reasonable	▲ ★★ I am able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Partial	▲ ★ I am able to offer Partial assurance in relation to the areas reviewed and the controls found to be in place. Some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
None	▲ I am not able to offer any assurance. The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

Categorisation Of Recommendations

When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors, however, the definitions imply the importance.

Priority 5: Findings that are fundamental to the integrity of the unit's business processes and require the immediate attention of management.

Priority 4: Important findings that need to be resolved by management.

Priority 3: The accuracy of records is at risk and requires attention.

Priority 2: Minor control issues have been identified which nevertheless need to be addressed.

Priority 1: Administrative errors identified that should be corrected. Simple, no-cost measures would serve to enhance an existing control.

Definitions of Risk

Risk	Reporting Implications
Low	Issues of a minor nature or best practice where some improvement can be made.
Medium	Issues which should be addressed by management in their areas of responsibility.
High	Issues that we consider need to be brought to the attention of senior management.
Very High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.

Agenda Item: 10

Audit and Governance Committee

26 September 2013

1st High Risk Review 2013/14



1st High Risk Review 2013/14

Summary

The high risk information is supplied to allow the Audit and Governance Committee to monitor the high Strategic and Operational Risks outside of the bi-annual reporting. This follows a review of risks focusing on high risks by responsible officers to the end of August 2013.

Recommendation

That the Audit and Governance Committee considers the current status of the high risks until November when a full risk review will be reported to the committee.

a) Reasons for Recommendation

To ensure that the Risk Management Policy and Guidance is being followed and all risks are being monitored and control actions implemented.

b) Alternative Options

None

c) Risk Considerations

Failure to identify, assess, monitor, review and manage risks could impact negatively (i.e. financial, reputational, operationally) on the council.

d) Policy and Budgetary Considerations

Our Risk Management Policy and Guidance recommends that risks are reported to the Audit and Governance Committee on a bi-annual basis. Risks which are unmanaged could have a serious financial impact.

e) Date for Review of Decision

The next Bi-annual Review October 2013.

1 Main Body of the Report

1. Our Risk Management Policy requires all risks identified to be reviewed bi-annually. In addition to this it was agreed by the Audit and Governance committee that all high risks would be reviewed and reported to each committee between the bi-annual reviews.

2. The two high risks from the full risk register have been reviewed by their responsible officers. For this the owners of the two risks were asked to re-assess the overall risk, update their control action/s and re-score the risk to give a residual score in light of the mitigation from the control actions undertaken. In addition to this the service heads were asked to consider all of their risks and highlight any that were emerging as high level.

3. The two risks which were scored as high on the risk register have now been re-assessed. These are:-

- **Failure to provide information proactively to residents, businesses, town and parish councils and other stakeholders.**

Initial Score High - Impact: Serious Likelihood: Very likely

Re-assessed Score Medium - Impact: Significant Likelihood: Likely

Risk owner comment – This risk has been re-scored in light of additional resource within the Communication Team and the completion of actions from the Communication Plan such as the development of our E-magazine and improved presence on social media.

- **Perceived reputation of the planning service by local community causes preventable demand through complaints**

Initial Score High - Impact: Major Likelihood: Very likely

Re-assessed Medium - Impact: Serious Likelihood: Likely

Risk owner comment - This risk has been re-scored as the frequency of complaints has started to reduce and coverage is now likely to be local only although level of complaints remains higher than normal and media coverage on planning issues still quite significant.

4. All services were asked to consider their risks and highlight any emerging high risks. Following this there are no new high risks.

5. Current number of risks in each service by risk score as at 1st September 2013

	High	Medium	Low
Finance	0	6	15

	High	Medium	Low
Economy	0	7	9

	High	Medium	Low
Housing	0	14	8

	High	Medium	Low
Environment	0	4	8

	High	Medium	Low
Legal & Democratic	0	9	5

	High	Medium	Low
Organisational Development	0	4	9

	High	Medium	Low
ICT	0	3	4

	High	Medium	Low
Strategic Risks	0	15	3

Legal Implications

There are no direct financial implications contained within this report

Financial Implications

There are no direct financial implications contained within this report

Consultation on Reports to the Executive

Relevant Heads and officers have contributed to the report.

Background Papers

None

Joanne Avery Ext 2332
Management Information Officer

Audit and Governance Committee
26 September 2013

Agenda Item: 11

Audit and Governance Committee

26 September 2013



Audit and Governance Committee

Forward Plan 2013/14

Date of Committee	Report	Lead Officer
7 November 2013	<ul style="list-style-type: none">• Honiton Community Centre update• Thelma Hulbert Gallery update• Asset disposal and management	Deputy CE Deputy CE Estate Management Team
16 January 2014	<ul style="list-style-type: none">• Annual Audit Letter• Certification Report• Internal Audit Activity – Quarter 3 2013/14	Grant Thornton Grant Thornton SWAP
13 March 2014	<ul style="list-style-type: none">• Annual Audit Plan 2014/15	SWAP