

Agenda for Audit and Governance Committee

Thursday 29 November 2018, 2.30pm

[Members of the Committee](#)



Venue: Council Chamber, Knowle, Sidmouth,
EX10 8HL [View directions](#)

Contact: [Amanda Coombes](#), 01395 517543 (or group
number 01395 517546): Issued 20 November 2018

East Devon District Council
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- 1 [Public speaking](#)
- 2 Minutes for 27 September 2018 (pages 3-5)
- 3 Apologies
- 4 Declarations of interest

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Guidance is available online to Councillors and co-opted members on making [declarations of interest](#)

- 5 [Matters of urgency](#) – none identified
- 6 To agree any items to be dealt with after the public (including press) have been excluded. There are no items that officers recommend should be dealt with in this way.

Part A Matters for Decision

- 7 **Internal Audit Activity- Quarter 2 2018-19** – SWAP Internal Audit Services (pages 7-22)
General Data Protection Regulations (GDPR) 2018/19 (pages 23-39)
- 8 **Annual Audit Letter – KPMG** (pages 40-48)
- 9 **Grants report – KPMG** (pages 49-50)
- 10 **Partnership Register** – Management Information Officer (pages 51-53)
- 11 **RIPA update** - Strategic Lead Governance and Licensing
At the meeting of 18 January 2018, Members agreed to receive an update on RIPA (Regulation of Investigatory Powers Act) activity throughout the year. The RIPA Senior Responsible Officer advises that there have been no requests for RIPA authorisation since the last committee.
- 12 **Audit and Governance Forward Plan** – Strategic Lead Finance (page 54)

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[Decision making and equalities](#)

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EAST DEVON DISTRICT COUNCIL

Minutes of a Meeting of the Audit & Governance Committee held in the Council Chamber at Knowle, Sidmouth on 27 September 2018

Attendance list at end of document

The meeting started at 2.30pm and ended at 3.05pm.

***15 Chairman's welcome**

The Chairman welcomed everyone to the meeting.

***16 Public Speaking**

There were no members of the public wishing to speak.

***17 Minutes**

The minutes of the Audit and Governance Committee meeting held on 26 July 2018 were confirmed and signed as a true record.

***18 Matters arising**

None

***19 Declarations of Interest**

None

***20 Audit Committee Technical update report**

Sam Harding - Engagement Manager Grant Thornton, provided the Committee with a report on progress in delivering their responsibilities as the Council's new external auditors. The report also included:

- a summary of emerging national issues and developments that could be of relevance; and
- a number of challenge questions in respect of the emerging issues.

RESOLVED:

that the content of the report be noted.

***21 Audit Fee letter**

The Audit Fee Letter set out the proposed audit work and fee for the 2018/19 financial year. The Council's scale fee for 2018/19 had been set by Public Sector Audit Appointments Ltd (PSAA) at £39,132. Members discussed the ever-decreasing fee for the audit fee. Geri Daly – Engagement Lead, Grant Thornton reported that this did not affect the quality of the audit and that there had been internal efficiencies made to cover the reduction in fees achieved. Geri Daly, Engagement Lead, Grant Thornton also reported that firms did not receive the full fee due to a complicated and financially sensitive formula.

RESOLVED:

that the Audit Fee letter be noted.

***22 Expenditure on consultants and agency staff 2017/18**

As requested by the Audit and Governance Committee, the report detailed capital and revenue spend on consultants and specialist advice and agency staff for 2017/18. The

Chairman, Councillor Mark Williamson, circulated figures detailing consultancy and agency expenditure from 2013/14 to 2017/18.

Councillor Robert Longhurst, raised an issue regarding Strategic Plan costs totaling £50,000 and Simon Davey, Strategic Lead – Finance reported that he would investigate these costs and update members on the details.

It was noted that the use of consultants and agency staff would depend on what project the Council was undertaking at what time. SWAP had recently undertaken a report on this and also the governance aspect. Part of the Committee's audit function was to have this data so it could be monitored on a regular basis.

RESOLVED:

that the details of expenditure on consultants and agency staff in 2017/18 be noted.

***23 RIPA update**

At the meeting of 18 January 2018, Members agreed to receive an update on RIPA activity throughout the year. The RIPA Senior Responsible Officer advised that there had been no requests for RIPA authorisation since the last committee.

***24 Audit and Governance Forward Plan**

Members noted the contents of the Committee Forward Plan for 2017/18.

Items to be considered at the November 2018 committee included:

- Annual audit letter
- Grants/Certification Report
- Internal Audit Activity – Quarter 2 2018/19
- Partnership Register
- RIPA update
- Report on outcomes against the Corporate Counter Fraud and Compliance strategy

RESOLVED:

that the Forward Plan be noted.

Attendance list

Councillors:

Mark Williamson (Chairman)
John Dyson (Vice Chairman)
John Humphreys
Cherry Nicholas
Ben Ingham
Rob Longhurst
Simon Grundy
Steve Hall
Steve Gazzard

Apologies:

Dean Barrow
Bill Nash
Ian Thomas

Officers present:

Simon Davey, Strategic Lead – Finance
Chris Lane, Democratic Services Officer

Sam Harding, Engagement Manager Grant Thornton
Geri Daly, Engagement Lead Grant Thornton

Apologies:

Mark Williams, Chief Executive
Henry Gordon Lennox, Strategic Lead Governance and Licensing

Chairman Date.....

Report to: **Audit and Governance Committee**

Date of Meeting: 29 November 2018

Public Document: Yes

Exemption: None

Review date for release None



Agenda item: 7

Subject: **Internal Audit Plan Progress November 2018 (2018/19)**

Purpose of report: The Audit and Governance Committee agreed the 2018-19 Internal Audit Plan at its March 2018 meeting. This report is to provide an update on the 2018/19 Internal Audit Plan as at 12 November 2018.

Recommendation: To note the content of the Internal Audit Progress Report

Reason for recommendation: The Committee are required to review the progress of the audit plan.

Officer: Alastair Woodland, Assistant Director, SWAP.

Financial implications: There are no direct financial implications identified.

Legal implications: The legal framework is reflected in the report. While there are no direct legal implications arising, ensuring Key Actions are carried out will reduce risk to the Council which in turn will reduce the chance of failures or challenges occurring.

Equalities impact: Low Impact

Risk: Low Risk

Links to background information: Approved Internal Audit Plan 2018/19 – Audit and Governance Meeting March 2018

Link to Council Plan: Continuously improving to be an outstanding council.

East Devon District Council

Report of Internal Audit Activity

Plan Progress 2018/19 as at November 2018

Contents

The contacts at SWAP in connection with this report are:

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Our audit activity is split between:

- **Operational Audit**
- **Governance Audit**
- **Key Control Audit**
- **IT Audit**
- **Grants**
- **Other Reviews**



Role of Internal Audit

The Internal Audit service for the East Devon District Council is provided by South West Audit Partnership Limited (SWAP). SWAP is a Local Authority controlled Company. SWAP has adopted and works to the Standards of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS), and also follows the CIPFA Code of Practice for Internal Audit. The Partnership is also guided by the Internal Audit Charter approved by the Audit and Governance Committee at its meeting on 26 July 2018.

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
- Cross Cutting Governance Audits
- Annual Review of Key Financial System Controls
- IT Audits
- Grants
- Other Special or Unplanned Review

Internal Audit work is largely driven by an Annual Audit Plan. This is approved by the Section 151 Officer, following consultation with the Senior Management Team. This year's Audit Plan was reported to and approved by this Committee at its meeting in March 2018. Audit assignments are undertaken in accordance with this Plan to assess current levels of governance, control and risk.

Outturn to Date:

We rank our recommendations on a scale of 1 to 3, with 1 being a fundamental concern to the services/area being reviewed and 3 being a minor concern that requires management attention.



Internal Audit Work Programme

The schedule provided at **Appendix B** contains a list of all audits as agreed in the Annual Audit Plan 2018/19. 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.

Each completed assignment includes its respective “assurance opinion” rating together with the number and relative ranking of recommendations that have been raised with management. In such cases, the Committee can take assurance that improvement actions have been agreed with management to address these. The assurance opinion ratings have been determined in accordance with the Internal Audit “Audit Framework Definitions” as detailed on **Appendix A** of this document.

The following table summarised Audits finalised since the previous update in July 2018:

Audit Area	Quarter	Status	Opinion
2018/19			
Other Funding/Grants	1	Final	Reasonable
Licensing	2	Final	Reasonable
GDPR	2	Final	Partial
Risk Management	2	Final	Reasonable
Car Parking Benchmarking	2	Final	Advisory
Transformation Strategy	2	Final	Reasonable
Payroll	3	Final	Substantial
2017/18			
Business Continuity/Disaster Recovery	4	Closed	No Assurance

Outturn to Date:

We rank our recommendations on a scale of 1 to 3, with 1 being a fundamental concern to the services/area being reviewed and 3 being a minor concern that requires management attention.



Internal Audit Work Programme Contd.

To assist the Committee in its important monitoring and scrutiny role, in those cases where weaknesses have been identified in service/function reviews that are considered to represent significant service risks, a summary of the key audit findings that have resulted in them receiving a 'Partial Assurance Opinion' have been summarised in **Appendix D**.

However, in circumstances where findings have been identified which are considered to represent significant corporate risks to the Council, due to their importance, these issues are separately summarised in **Appendix C**. These items will remain on this schedule for monitoring by the Committee until the necessary management action is taken and appropriate assurance has been provided that the risks have been mitigated / addressed.

Corporate Risks (See Appendix C)

We are unable to provide an assurance opinion on the Business Continuity and Disaster Recovery arrangements, with this area carrying a significant risk to the organisation. We first undertook a Business Continuity Plan (BCP) review in 2016/17 and awarded a partial assurance opinion. We followed this up in 2017/18 and at the time of review the status of the recommendations were as follows:

	Complete	In Progress	Not Started
Priority 4	1	1	2
Priority 3	1	3	2
Total	2	4	4

We also commenced an audit in 2017/18 concentrating on the level of synergy between the EDDC BCP

Outturn to Date:

We rank our recommendations on a scale of 1 to 3, with 1 being a fundamental concern to the services/area being reviewed and 3 being a minor concern that requires management attention.



Internal Audit Work Programme Contd.

and the BCP offerings being given by Strata Solutions Ltd, the Teckal company set up to deliver ICT for EDC, Teignbridge and Exeter City Council.

We were unable to progress this audit or confirm that the outstanding recommendations from the 2016/17 audit have been completed due to not receiving adequate evidence. The Emergency Planning resourcing arrangements were also under review resulting in there being no key person responsible for these actions. Whilst we have drawn a line under this 2017-18 review, we will revisit this area in early 2019-20 when the arrangements have been confirmed and agreed.

Partial Assurance Audits (See Appendix D)

Our work to date has identified one partial assurance opinion, this being in relation to the General Data Protection Regulations (GDPR). Action remains outstanding in relation to previously identified weaknesses around Data Protection and one further Priority 1 recommendation was identified within the GDPR Review. Remedial action has already been undertaken to address this issue. See Appendix D for further information on previously identified Data Protection weaknesses and the new issue identified through the GDPR Audit.

The Assistant Director for SWAP reports performance on a regular basis to the SWAP Management and Partnership Boards.



Plan Progress Performance

SWAP now provides the Internal Audit service for 24 public sector bodies. SWAP performance is subject to regular monitoring review by both the Board and the Member Meetings. The respective outturn performance results for East Devon District Council for the 2018/19 (as at 12 November 2018) were as follows:

Performance Target	Average Performance
<p><u>Audit Plan – Percentage Progress</u></p> <p>Final, Draft and Discussion</p> <p>In progress</p> <p>Not Started</p>	<p>54%</p> <p>12%</p> <p>35%</p>
<p><u>Quality of Audit Work</u></p> <p>Customer Satisfaction Questionnaire</p>	<p>None Received</p>

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



Approved Changes to the Audit Plan 2018-19

The audit plan for 2018/19 is detailed in **Appendix B**. Inevitably changes to the plan will be required during the year to reflect changing risks and ensure the audit plan remains relevant to East Devon District Council. Members will note that where necessary any changes to the plan throughout the year will have been subject to agreement with the appropriate Service Manager and the Section 151 Officer.

The following changes have been made to the 2018-19 Internal Audit Plan:

- We have been asked to confirm whether the basis for the request for additional resourcing by Suez is supported by adequate financial data. Time for this review has been taken from the ICT budget.

At the conclusion of audit assignment work each review is awarded a “Control Assurance Definition”;



Audit Framework Definitions

Control Assurance Definitions

- Substantial
- Reasonable
- Partial
- None
- Non-Opinion/Advisory

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.

Non-Opinion/Advisory – In addition to our opinion-based work we will provide consultancy services. The “advice” offered by Internal Audit in its consultancy role may include risk analysis and evaluation, developing potential solutions to problems and providing controls assurance. Consultancy services from Internal Audit offer management the added benefit of being delivered by people with a good understanding of the overall risk, control and governance concerns and priorities of the organisation.

We keep our audit plans under regular review, so as to ensure we are auditing the right things at the right time. Recommendations are prioritised from 1 to 3 on how important they are to the service/area audited. These are not necessarily how important they are to the organisation at a corporate level.

Each audit covers key risks. For each audit a risk assessment is undertaken whereby with management risks for the review are assessed at the Corporate inherent level (the risk of exposure with no controls in place) and then once the audit is complete the Auditors assessment of the risk exposure at Corporate level after the control environment has been tested. All assessments are made against the risk appetite agreed by the SWAP Management Board.



Audit Framework Definitions

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 1: Findings that are fundamental to the integrity of the service’s business processes and require the immediate attention of management.
- Priority 2: Important findings that need to be resolved by management.
- Priority 3: Finding that requires attention.

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 both senior management and the Audit Committee.

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 - Major 3 - Minor			Comments
						1	2	3	
FINAL									
Governance, Fraud and Corruption	Data Protection Breaches (New)	1	Complete	Advisory	0	0	0	0	
Governance, Fraud and Corruption	Safer Recruitment	1	Complete	Substantial	1	0	0	1	
Operational	Business Rates Maximisation	1	Complete	Substantial	0	0	0	0	
Governance, Fraud and Corruption	Right to Buy Fraud	1	Complete	Substantial	0	0	0	0	
Operational	Other Funding	1	Complete	Reasonable	1	0	1	0	
Healthy Organisation	Risk Management	2	Complete	Reasonable	3	0	3	0	
Governance, Fraud and Corruption	GDPR	2	Complete	Partial	4	1	3	0	
Healthy Organisation	Transformation Strategy	2	Complete	Reasonable	3	0	3	0	
Operational	Licensing	2	Complete	Reasonable	1	0	1	0	
Operational	Car Parking Benchmarking	2	Complete	Advisory	0	0	0	0	
DRAFT									
Operational	Housing Maintenance Invoicing (New)	2	Draft						
Operational	Car Parking – Civil Enforcement	2	Draft						

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 - Major 3 - Minor			Comments
						1	2	3	
Key Controls	Payroll	3	Draft						
Key Controls	Housing Rents	3	Draft						
IN PROGRESS									
Key Controls	Main Accounting	3	In Progress						
Operational	Economic Development	3	In Progress						
Governance, Fraud and Corruption	Recycling and Refuse Contract - Suez	2	In Progress						*Delays in receiving information.
NOT STARTED									
Healthy Organisation	Project Management	3	Not started						
Operational	Asset Management plan	3	Not started						
Governance, Fraud and Corruption	Declaration of Personal and Business Interests	3	Not started						
Key Controls	Council Tax and NNDR	3	Not started						
Operational	Homelessness	4	Not started						
Operational	Property Services	4	Not started						
Operational	Lone Working	4	Not started						
Healthy Organisation	Budgetary Control	4	Not started						
ICT	IT Audits	1,2,3,4	Not started						

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 - Major 3 - Minor			Comments
						1	2	3	
DROPPED/REMOVED									
Healthy Organisation	Transparency	2	Removed	Time used for Data Protection Breaches					

2017-18 work not complete by March 2018

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 - Major 3 - Minor			Comments
						1	2	3	
ICT	Business Continuity/Disaster Recovery	4	Closed	No Assurance					

The following potential significant risks were identified from Internal Audit work completed. The risks listed below will continue to feature in this section of the report until mitigated. Further information about the status of recommendations to make the necessary improvements can be seen below in Appendix D.

Name of Audit	Weaknesses Found	Risk Identified	Recommendation Action	Managers Agreed Action
Data Protection				Although the council is largely compliant with current Data Protection legislation, some work remains to be done. See Appendix D for details for outstanding details.
Business Continuity Planning				We have received insufficient evidence to confirm that effective business continuity arrangements are in place which could result in the Council being unable to provide sufficient essential services in the event of a major disruption. We must stress this view is based on the lack of evidence that has been provided to us to enable us to test the existence of expected controls and how effective those controls are. We will follow up on this area early in 2019/20.

Current status of 'Partial Assurance' reviews with Actions due for Completion

Audit Title	Significant Audit Findings	Key Actions Agreed by Service	Dates of Agreed Implementation	Current status
Data Protection	<p>Under the GDPR, organisations are required to have a fully comprehensive information asset register which records what information is collected, held, in what format, for what purpose, or who the information asset owner is.</p> <p>A recommendation on this was made as part of the Protective Marking Audit (May 2016) and an implementation date agreed as Nov 2016. This date has now been exceeded.</p>	<p>The Senior Information Risk Officer (SIRO), in conjunction with senior management, has agreed to ensure that an Information Asset Register for the Council be developed to ensure that data and information held is recorded and subject to regular monitoring and update.</p>	September 17	<p>No further progress has been made since January 2018 to complete the Information Asset Register. A new completion date of April 2019 has been agreed.</p>
Data Protection	<p>The GDPR will require privacy impact assessments to be integral / embedded practice across an organisation where personal data is handled. Audit Testing found that this was not consistently in place across the Council. In the absence of a privacy impact assessment being carried out, the Council may fail to identify all areas of weakness / exposure to risk around the handling of personal data, resulting in an undetected data breach.</p>	<p>The Senior Information Risk Officer (SIRO), has agreed to ensure that the requirement to undertake privacy impact assessments be included in the project management framework currently being drafted by the Section 151 Officer. This will ensure that this becomes embedded in the Council's frameworks.</p>	August 17	<p>As part of the new Project Guidelines, Data Protection issues identified are now required to be included in the Project Initiation Document (PID). The Strategic Lead Finance has agreed that this will be completed by December 2018.</p>

<p>General Data Protection Regulations</p>	<p>Not all Privacy Notices contained the required information to give comfort to customer on how data protection principles are applied when processing their data. If they contain inaccuracies or inconsistencies, then the Council is not fully complying with the Transparency Principle and the Rights of the individuals.</p>	<p>Part of this cross-checking work has already been undertaken including the inclusion of the standard wording on those notices where it was missing. Otherwise the recommendation is agreed.</p>	<p>November 2018</p>	<p>Complete</p>
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General Data Protection Regulations (GDPR) 2018/19

Final Report

Issue Date: 29 October 2018

Executive Summary

Audit Opinion		Recommendation Summary	
Partial	We are 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	Priority	Number
		Priority 1	1
		Priority 2	3
		Priority 3	0
		Total	4

Audit Conclusion

The Council has designed and implemented some appropriate processes and procedures to comply with GDPR. However, we found they were not applied consistently across all services, specifically in relation to the following areas:

- The Privacy Notices contained some inconsistencies and inaccuracies regarding where the personal information is obtained from and where it may be shared. The Council is therefore not fully abiding by the transparency principle and the rights of the individual. This could result in a potential data breach which cause reputational damage and potential fines by the Information Commissioner’s Office.
- Fair Processing Notices were not included on all online forms. Although there would be a Privacy Notice for each of these services, the Fair Processing Notices provide an extra layer of protection to the transparency obligation and are good practice.
- The photographic consent process is unnecessarily onerous and requires reviewing. There is currently a risk that the process is not consistently applied which could result in photographs being published without the consent of the subject leading to a data breach.
- A Privacy Notice has not been produced for Customer Services and this is required as Customer Services record telephone calls.

We also identified some minor improvements that could be made and have discussed these with the DPO:

- The Data Protection Policy could include information regarding transfers of data and the information regarding Data Subject Requests could be made clearer. In addition, a link could be included to the RIPA guidance under the Related Polices, Strategies and Regulation section of the policy.
- Although the website does include information on the Data Protection Officer within its Privacy Notices and under the Complaints page it may be appropriate to have a specific Contact link on the Website.
- The e-learning package was found by many staff not to be relevant for the work that they complete within the Council and a new package should be considered for new staff.

A follow up from the 2016/17 audit was also undertaken and the following recommendations are still outstanding:

- The Information Asset Register has not been fully completed;
- The Project Management Guidelines have not been updated to specifically updated to include privacy impact assessment.

A summary of the recommendations can be found on page 10.

Finally, to provide further assurance, we have agreed to include Data Protection in future audits where personal data is processed.

Background

The new Data Protection Act 2018 came into force on the 25 May 2018 and in conjunction with GDPR set out seven key principles:

- Lawfulness, fairness and transparency
- Purpose limitation
- Data minimisation
- Accuracy
- Storage Limitation
- Integrity and Confidentiality (security)
- Accountability

Compliance with these principles is a fundamental building block for good data protection practice. It is also key to the Council’s compliance with the detailed provisions of the DPA / GDPR.

The Council has produced a Data Protection and Document Retention Policy lays out how it is complying with these principles.

We undertook a Data Protection Audit in 2016/17 which involved reviewing the work required towards implementing GDPR and the key differences between the DPA 1998 and the new GDPR regulations. Since then a new DPA has been enacted which needs to be read together with GDPR.

This years’ audit covered adherence with some of these principles and the areas we covered were requested by the Data Protection Officer (DPO).

Corporate Risk Assessment

Objective

To provide assurance that the Council is compliant with the new General Data Protection Regulations (GDPR) introduced in May 2018.

Risk	Inherent Risk Assessment	Manager’s Initial Assessment	Auditor’s Assessment
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1. Unlawful access to personal data occurs which could result in financial and reputational damage.¹

High

Medium

Medium

Scope

We have not covered all aspects of the General Data Protection Regulations but have concentrated on the following specific areas agreed with the Data Protection Officer:

- The Documentation (required to be kept in law) is in line with legal requirements. This will include a review of the Data Protection Policy and the information available on the website.
- Privacy notices have been written for all services, these will be checked to ensure they are consistent (e.g. where a service has access rights to another services' system this should be recorded on both services' privacy notices) and contain all required information.
- To confirm that Fair Processing Notices are included on or are available to be seen for all Lagan forms.
- To establish whether Officers across the Council understand their responsibilities and obligations in relation to data protection with a view to providing reassurance that data protection is embedded within the organisation.
- To confirm that system and file access is updated when Officers transfer between roles within the Council to ensure they only have access to information that they need to undertake their role.
- Identified actions from 2016/17 audit have been addressed (particularly staff safety database).
- Whether it is necessary and / or appropriate to build data protection consideration into all audits for services.

Although we understand the process for updating file access when Officers transfer between roles within the Council, we have not been able to review evidence to confirm that this is operating as expected.

¹ This is the overall risk of non-compliance with GDPR and we have only covered certain aspects so can therefore not give assurance that the risk is completely mitigated.

Findings and Outcomes

Summary of Control Framework

We have confirmed that the following controls are in place:

- A Data Protection Policy and Retention Schedule is in place and is available to review on the website.
- Privacy Notices have been produced for the majority of services provided by the Council.
- E-forms available on the website generally include a fair processing notice.
- Documentation has been produced that is in line with the GDPR requirements.
- E-Learning training and face to face training has been provided to staff.
- Staff are aware of their responsibilities in respect of GDPR.
- System access is updated when staff change roles within the Council.

1. Unlawful access to personal data occurs which could result in financial and reputational damage.

Medium

1.1 Finding and Action

Issue	Risk
Privacy Notices were not always accurate and consistent.	If Privacy Notices do not include the correct information regarding sharing and obtaining of personal information, then this could result in a potential data breach and a significant fine for the Council.

Findings

Privacy Notices for all processing activities have been prepared by the Data Protection team using information supplied by the services. These are all available on the EDDC Website. They are all generally a standard format and contain the following information:

- The Data Controller
- The Data Controller's Representative
- The Data Protection Officer
- Use of Personal Information
- Who will receive or see my personal information?
- Retention
- Transferring personal information outside of the EU
- Your rights
- Complaints

Services which could obtain information from other internal services and external organisations also include the “Obtaining your Personal Information” heading in the Privacy Notices.

The following standard sentences should also be included in every Privacy Notice:

Your personal information will be available to be seen by (team that is being referred to) and within support services (such as Legal and Financial Teams and third-party payment handler) where necessary to carry out the purpose.

We may also share information with our corporate safety officer when our staff safety is viewed as being at risk. Information may also be shared with partner agencies during safeguarding investigations and for fraud identification and prevention.

We undertook an analysis of all the Privacy Notices and have supplied details of the issues identified to the DPO. A summary of these issues is detailed below:

- Three Privacy Notices state they obtained personal information from internal services, but the internal services privacy notices did not say that they will see or receive information from these services.
- 20 Privacy Notices shared information with other services, but the respective privacy notices did not state that they obtain information from them. These need to be checked to ensure accurate.
- Not all Privacy Notices contained the standard phrases for which service their information may be with shared with.
- There was inconsistency in the service names such as Development Management/Planning and Revenue and Benefits was used collectively.

These Privacy Notices are the key documents which should give customers comfort in how data protection principles are applied when processing their data. If they contain inaccuracies or inconsistencies, then the Council is not fully complying with the Transparency Principle and the Rights of the individuals.

Recommendation

We recommend that the Data Protection Officer reviews the Privacy Notice Analysis completed and rectify all issues identified where appropriate.

Priority Score

1

Agreed Action

Part of this cross checking work has already been undertaken including the inclusion of the standard wording on those notices where it was missing. Otherwise the recommendation is agreed.

Timescale

15 November 2018

Responsible Officer

Data Protection Officer

1.2 Finding and Action		
Issue	Risk	
A Privacy Notice for Customer Services has not been produced.	If a Privacy Notice for Customer Services has not been produced, then customers who contact customer services may not be aware of how and why their information is required which could result in a non-compliance with the Data Protection Act.	
Findings		
We reviewed all the Privacy Notices on the EDDC website and we noted that a Privacy Notices for Customer Services had not been produced. We discussed this with the DPO and as the Customer Services team record telephone calls they a Privacy Notice should be produced to advise callers what happens to their information.		
Recommendation		
We recommend that the Data Protection Officer, in conjunction with the Customer Services Manager, produces a Privacy Notice for Customer Services in the standard format.	Priority Score	2
Agreed Action	Timescale	1 November 2018
Action agreed.	Responsible Officer	Data Protection Officer

1.3 Finding and Action		
Issue	Risk	
Fair Processing Notices were not available on all online forms.	Failure to include the Fair Processing Notice on the form means that the Council is not fully compliant with GDPR regulations resulting in potential fines and reputational damage.	
Findings		
<p>Fair Processing Notices should be included in every online form accessed by customers on the EDDC website. There are currently 160 online forms available to complete, either online or via an attachment. All forms should contain a standard Fair Processing Notice, preferably on the front page of the form. We obtained a sample of 30 forms across all the services and established the following:</p> <ul style="list-style-type: none"> • 17 Fair Processing Notices were available on the front page of the form, 10 were at the top of the form before the link and seven were included in the section on What you will need. • Seven online forms did not have a Fair Processing Notice available on the front page. • Three forms did not have a Fair Processing Notice but just a link to the Data Protection Policy. • One had a link to the pdf form which contained the Fair Processing Notice on the last page of the form. • One form was not available on the website and the website asks the customer to call Customer Services. • Unable to locate one form on the website. <p>Our results have identified that there is an inconsistent approach in place across the Council for including Fair Processing Notices.</p>		
Recommendation		
We recommend that the Data Protection Officer requests the Service Lead to check and update their web based forms to ensure that they include the standard Fair Processing Notice.	Priority Score	2
Agreed Action	Timescale	1 December 2018
This is a particularly time consuming activity given the sheer number of forms on line and also the time required for Strata to help implement changes. The move to our new website platform Firmstep in March 2019 will present the opportunity to ensure data protection is fully addressed on all new forms going forward. In the meantime Service Leads will be asked to review their online forms to ensure that data protection (through a Fair Processing Notice) is displayed at an appropriate point.	Responsible Officer	Data Protection Officer

1.4 Finding and Action		
Issue	Risk	
Unclear photographic consent procedure.	There is currently a risk that the process is not consistently applied which could result in photographs being published without the consent of the subject leading to a data breach.	
Findings		
<p>Whilst discussing GDPR with staff within the Countryside team it was highlighted that the process regarding obtaining consent to take photographs was onerous as it consisted of a lengthy form which everyone attending events was required to complete. We understand that this was the process that the Communications team advised that they use. This new process has reduced the number of photographs being taken at the events which is to the detriment of the Council as they provide good publicity.</p> <p>We highlighted the issue with the Data Protection Officer and it was agreed that the process should be reviewed and simplified to ensure that it is compliant with GDPR but does not result in an over-complicated process.</p>		
Recommendation		
We recommend that the Data Protection Officer develops a new Photographic Consent procedure and that that is shared with all staff and saved on the Data Protection Intranet page.	Priority Score	2
Agreed Action	Timescale	COMPLETED
Agreed and consent procedure has been completed and issued to staff and is available on the intranet.	Responsible Officer	Data Protection Officer

Follow up of 2016/17 Data Protection Audit

Agreed Outcome	Person Responsible	Management Response	Target Date	Current Status
The Senior Information Risk Officer (SIRO) and Data Protection Officer (see 1.4a), in conjunction with senior management, have agreed to ensure that an Information Asset Register for the Council be developed to ensure that data and information held is recorded and subject to regular monitoring and update.	SIRO AND DPO	Agreed as part of the 2015/16 Protective Marking Audit.	September 2017	Not completed. There is draft Information Asset Register in place. Update it is not fully completed and hasn't been updated since January 2018. The SIRO has agreed that this will be up to date by April 2019.
The Data Protection Officer (see 1.4a) has agreed to introduce some form or self-assessment, for each of Head of Department to complete to confirm compliance against DPA / GDPR on an annual basis. The completed assessments could then be reviewed, and the results summarised into an end of year report for the members.	DPO	It is acknowledged that Members ought to have awareness / oversight of the Council's data protection responsibilities. This will be particularly so under the GDPR which moves to a self-regulation position. Given the timing of this specific audit and the overall finding of 'reasonable assurance' in respect of the DPA requirements, it is felt that it will be most effective if introduced alongside the changes required by the GDPR. The assessments and reporting to Members therefore becomes a requirement for end of 2018/19 year.	First report May 2019	Not due until next year.
The Data Protection Officer has agreed to draft a Data Breach Response Plan, as recommended in the GDPR. This will detail how the Council will respond in the event of a data security breach and the mechanism for reporting any breaches to the ICO.	DPO	Agreed and this will form part of the implementation plan for GDPR compliance (see 1.4b).	April 2018	Complete. Although a Data Breach Response Plan has not been produced, Breach notification guidance has been produced and an internal and external form produced.
The SIRO has agreed that the requirement to undertake privacy	SIRO	Agreed - requirement for Privacy Impact Assessments will be included	August 2017	Not completed. As part of the new Project Guidelines, Data

Follow up of 2016/17 Data Protection Audit

<p>impact assessments be included in the project management framework currently being drafted by the Section 151 Officer. This will ensure that this becomes embedded in the Council's frameworks.</p>		<p>within the project management framework currently being finalised.</p>		<p>Protection issues identified are now required to be included in the Project Initiation Document (PID). However, when the Guidelines are reviewed in June 2018 the wording will be strengthened to specifically refer to Privacy Impact Assessments.</p> <p>Update The Project Guidelines have not been updated in June as agreed. The SIRO Officer has agreed that they will be updated by December 2018.</p>
<p>The Data Protection Officer has agreed that privacy impact assessments are carried out for all key existing business areas / services where personal data is held, and the service / business "re-designed" as necessary to ensure that it complies with the new GDPR.</p>	DPO	<p>Agreed – this will form part of the implementation plan (see 1.4b) and will occur following capturing of data held on the Information Asset Register (see 1.1a).</p>	April 2018	<p>Complete - Privacy Impact Assessments were carried out for all services and Privacy Notices have now been drawn up. Privacy Notices were reviewed as part of the 2018/19 GDPR audit.</p>
<p>The Chief Executive Officer has agreed to appoint a designated Data Protection Officer, who needs to be at a senior enough level to have autonomy and have sufficient expertise and knowledge to be able to fulfil the role.</p>	CEO	<p>The Strategic Lead (Governance and Licensing) has been appointed as the Data Protection Officer.</p>	Complete	<p>Complete – DPO is in place.</p>
<p>The Data Protection Officer has agreed to establish an implementation action plan based on the "ICO – Preparing for the GDPR – 12 steps" guidance, ensuring that you are fully compliant by May 2018.</p>	DPO	<p>This is agreed. Given the scope of this audit report it has been necessary to await the outcomes before this commenced. However the preparation of the implementation plan is now under way.</p>	July 2017	<p>Complete – Action plan reviewed.</p>

Follow up of 2016/17 Data Protection Audit

<p>The Strategic Lead – Organisational Development and Transformation has agreed that the new Training and Development Plan be fully implemented across the Council, and monitoring of the data protection training is carried out annually by the Strategic Lead, Organisational Development, and reported to the members as part of a data protection compliance report (as recommended in 1.3a above). Data Protection training will need to include any casual employees and apprentices.</p>	<p>Strategic Lead – Organisational Development and Transformation.</p>	<p>Agree with this assessment. Data Protection training (initially Data Protection Act then GDPR) will be mandatory for all staff.</p>	<p>Actioned</p>	<p>Complete - All staff have undertaken the training.</p>
<p>The Data Protection Officer has agreed that the data subjects are made aware, in writing, that information about their conduct has been recorded, stating the legal purpose for this data being held, and how long the data will be retained.</p>	<p>DPO</p>	<p>This is accepted. A review of the database will be carried out and, for anyone remaining on it, they will be notified in line with the detail above.</p>	<p>July 2017</p>	<p>No longer applicable. The information on the Staff Safety Database can be held for the protection of staff under Health and Safety Legislation. In addition, there is now only one person on the database.</p>
<p>The Data Protection Officer has agreed to advise the Licensing staff that only the information needed to process licensing applications is obtained and retained. Where additional information is supplied it should either be returned (if original) or confidentially disposed of (if copies) provided. Only the information needed should be scanned and stored in the EMS system.</p>	<p>DPO</p>	<p>This is acknowledged. Licensing procedures will be reviewed to ensure compliance.</p>	<p>June 2017</p>	<p>Licensing audit has been completed and we are aware that all procedures are currently under review.</p>

Follow up of 2016/17 Data Protection Audit

<p>The Data Protection Officer has agreed to arrange for the Licensing application form be amended to include the purpose to which the information is being provided, and should also capture consent to access the on-line DBS record, similar to the section where consent is sought to access the applicants DLVA record.</p>	<p>DPO</p>	<p>This is acknowledged. Application form will be reviewed to ensure compliance</p>	<p>June 2017</p>	<p>Complete - Data Protection statement on Licensing forms.</p>
<p>The Data Protection Officer has agreed, along with and other members of the Senior Leadership Team to establish a timetable for implementation of the form changes across all departments, ensuring that they are fully compliant with GDPR by May 2018.</p>	<p>DPO</p>	<p>Agreed and this will form part of the implementation action plan (see 1.4b).</p>	<p>April 2018</p>	<p>Complete These forms have been reviewed – followed up in 2018/19 audit.</p>
<p>The Data Protection Officer has agreed that copies of all contracts should be lodged within his department, They should then catalogue and maintain a central repository in a fire proof storage area.</p>	<p>DPO</p>	<p>In terms of contract management, there is a register held for higher value contracts, effectively this is ProContract (eProcurement) but there is no single register for all the Council's contracts. Contracts over £30k have been recorded on this in line with Government requirements, however in the absence of a Procurement Officer there is a risk that all records may not have been updated. New procedures are being brought in through revised Contract Standing Orders to be recommended to the A&G committee in June with the requirement to use the electronic procurement portal (ProContract) for</p>	<p>August 17</p>	<p>Complete. Reviewed in 2017/18 Procurement Audit.</p>

		<p>all contracts above £10,000 which will then keep the register up to date automatically. For all contracts which are completed under seal, they are held in our fire proof deed room. The Legal Department will have copies of contracts that are under seal and / or which they have advised on, in their electronic document storage system. Departments will also hold copies of the contracts relevant to them. It is not generally going to be feasible for all low value contracts to be stored – many are on standard terms and conditions. It is considered that the value / risk approach as identified above is acceptable.</p>		
<p>The Data Protection Officer has agreed that once all contracts have been identified, the Council needs to undertake a review of any contracts which involve the sharing of personal data, ensuring that they comply with the new GDPR and the increased accountability on “data processors”.</p>	DPO	<p>From a data protection point of view, it is critical that the Council is aware of contracts which may involve data sharing and ensure that appropriate safeguards are in place. This will be picked up as part of the implementation action plan (see 1.4b).</p>	April 2018	<p>Complete. A contract extension agreement was prepared for the Devon Home Choice agreement detailing the new GDPR requirements.</p>

KEY:

SIRO Senior Information Risk Owner

Simon Davey, Strategic Lead - Finance

DPO Data Protection Officer

Henry Gordon-Lennox, Strategic Lead – Governance and Licensing

Audit Framework and Definitions

Assurance Definitions

None	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.
Partial	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.
Reasonable	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.
Substantial	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.

Definition of Corporate Risks

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

Categorisation of Recommendations

In addition to the corporate risk assessment it is important that management know how important the recommendation is to their service. Each recommendation has been given a priority rating at service level with the following definitions:

Priority 1	Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management.
Priority 2	Important findings that need to be resolved by management.
Priority 3	Finding that requires attention.

Authors and Distribution

Please note that this report has been prepared and distributed in accordance with the agreed Audit Charter and procedures. The report has been prepared for the sole use of the Partnership. No responsibility is assumed by us to any other person or organisation.

Report Authors

This report was produced and issued by:

Alastair Woodland
Georgina Teale

Assistant Director
Senior Auditor

Distribution List

This report has been distributed to the following individuals:

Henry Gordon Lennox
Simon Davey

Data Protection Officer
Strategic Lead – Finance



Annual Audit Letter 2017/18

**East Devon District
Council**

—
August 2018

A group of business professionals in a meeting, looking at documents. The image is a close-up, slightly blurred, showing several people in business attire. A woman with dark hair is on the left, looking down. A man with grey hair is in the center, also looking down. Another woman is on the right, partially visible. They appear to be in a meeting or conference room, looking at documents or a screen. The overall tone is professional and focused.

Section one

Summary for Audit and Governance Committee

Summary for Audit and Governance Committee

This Annual Audit Letter summarises the outcome from our audit work at East Devon District Council ("the Authority") in relation to the 2017-18 audit year.

Although it is addressed to Members of the Authority, it is also intended to communicate these key messages to key external stakeholders, including members of the public, and will be placed on the Authority's website.

Audit opinion

We issued an unqualified opinion on the Authority's financial statements on 26 July 2018. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year.

Financial statements audit

Our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole. Materiality for the Authority's accounts was set at £1.6 million which equates to around 2 percent of gross expenditure. We design our procedures to detect errors in specific accounts at a lower level of precision.

We report to the Audit and Governance Committee any misstatements of lesser amounts, other than those that are "clearly trivial", to the extent that these are identified by our audit work. In the context of the Authority, an individual difference is considered to be clearly trivial if it is less than £80,000 for the Authority.

We identified one audit unadjusted difference with a total value of £240,000. This adjustment would not have resulted in a change in the reported surplus on provision of services.

Our audit work was designed to specifically address the following significant risks:

- **Management Override of Controls** – Professional standards require us to communicate the fraud risk from management override of controls as significant because management is typically in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Our audit methodology incorporates the risk of management override as a default significant risk. We have not identified any specific matters arising relating to this audit;
- **Valuation of PPE** – As part of our audit work, we assessed the processes the Authority has in place for valuations and confirmed that these were appropriate and that the valuations of property assets were made using reasonable assumptions, including those assets not subject to revaluation in the year. We have evaluated the expertise of the preparer of the valuation report to ensure that they are sufficiently skilled and appropriately qualified such that we can rely on them for the provision of audit evidence;
- **Pensions Liabilities** – The valuation of the Authority's pension liability, as calculated by the Actuary, is dependent upon both the accuracy and completeness of the data provided and the assumptions adopted. We reviewed the processes in place to ensure completeness and accuracy of data provided to the Actuary and considered the assumptions used in determining the valuation. We liaised with the auditors of the Pension Fund in order to gain an understanding of the effectiveness of those controls that they operate; and
- **Faster Close** – The timetable for the production of local authorities financial statements was significantly advanced with draft accounts having to be prepared by 31 May (2017: 30 June) and the final accounts signed by 31 July (2017: 30 September). We reviewed the closedown plan for accounts production and monitored progress against these deadlines. We are pleased to confirm that we received draft accounts in advance of the revised deadline and were able to issue our opinion prior to the 31 July deadline.

Section one:

Summary for Audit and Governance Committee (cont.)

Other information accompanying the financial statements

Whilst not explicitly covered by our audit opinion, we review other information that accompanies the financial statements to consider its material consistency with the audited accounts. This year we reviewed the Annual Governance Statement and Narrative Report. We concluded that they were consistent with our understanding and did not identify any issues.

Whole of Government Accounts

The Authority prepares a consolidation pack to support the production of Whole of Government Accounts by HM Treasury. We are not required to review your pack in detail as the Authority falls below the threshold where an audit is required. As required by the guidance we have confirmed this with the National Audit Office.

Value for Money conclusion

We issued a qualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2017-18 on 26 July 2018. This means we are satisfied that during the year the Authority had appropriate arrangements for securing economy, efficiency and effectiveness in the use of its resources.

To arrive at our conclusion we looked at the Authority's arrangements to make informed decision making, sustainable resource deployment and working with partners and third parties.

Value for Money risk areas

We undertook a risk assessment as part of our VFM audit work to identify the key areas impacting on our VFM conclusion and considered the arrangements you have put in place to mitigate these risks.

Our work identified the following significant matters:

- **Delivery of Budgets** – As a result of reductions in central government funding, and other pressures, all Authority's are having to make additional savings beyond maintaining those from prior years and also pursue income generation strategies. We reviewed the processes in place to ensure financial resilience, specifically that the Medium Term Financial Plan has duly taken into consideration relevant factors and sensitivity analysis. We also considered the way in which the Authority identified, approved, and monitored both savings plans and income generation projects and how budgets were monitored throughout the year. The Council has a clear understanding of these pressures in the medium term, and has plans in place to address them. However it will be important for the financial resilience of the Council to be monitored by members as it will continue to remain under pressure in the coming years; and

High priority recommendations

We raised no high priority recommendations as a result of our 2017-18 work.

Section one:

Summary for Audit and Governance Committee (cont.)

Certificate

We issued our certificate on 26 July 2018. The certificate confirms that we have concluded the audit for 2017-18 in accordance with the requirements of the Local Audit & Accountability Act 2014 and the Code of Audit Practice.

Audit fee

Our fee for 2017-18 was £50,821, excluding VAT (2017: £50,821). Further detail is contained in Appendix 2.

Exercising of audit powers

We have a duty to consider whether to issue a report in the public interest about something we believe the Authority should consider, or if the public should know about.

We have not identified any matters that would require us to issue a public interest report.



Appendices



Appendix 1:

Summary of reports issued

This appendix summarises the reports we issued since our last Annual Audit Letter. These reports can be accessed via the Audit Committee pages on the Authority's website at www.eastdevon.gov.uk.

Certification of Grants and Returns

This report summarised the outcome of our certification work on the Authority's 2016-17 grants and returns.

External Audit Plan

The External Audit Plan set out our approach to the audit of the Authority's financial statements, and to support the VFM conclusion.

Report to Those Charged with Governance

The Report to Those Charged with Governance summarised the results of our audit work for 2017-18 including key issues and recommendations raised as a result of our observations.

We also provided the mandatory declarations required under auditing standards as part of this report.

Auditor's Report

The Auditor's Report included our audit opinion on the financial statements along with our VFM conclusion and our certificate.

Annual Audit Letter

This Annual Audit Letter provides a summary of the results of our audit for 2017-18.

2018

January

February

March

April

May

June

July

August

September

October

Appendix 2:

Audit fees

This appendix provides information on our final fees for the 2017-18 audit.

External audit

Our final fee for the 2017-18 audit of the Authority was £50,821, which is in line with the planned fee.

Certification of grants and returns

Under our terms of engagement with Public Sector Audit Appointments we undertake prescribed work in order to certify the Authority's housing benefit grant claim. This certification work is still ongoing. The planned fee for this work is £8,721 and the final fee will be confirmed through our reporting on the outcome of that work in November 2018.

Other services

We did not charge any additional fees for other services.

Component of the audit	2017-18 Actual Fee £	2017-18 Planned Fee £
Accounts opinion and value for money work		
PSAA Scale fee East Devon District Council	50,821	50,821
Total audit services	50,821	50,821
Mandatory assurance services		
Housing Benefits Certification work planned for August	8,721	8,721
Total mandatory assurance services	8,721	8,721
Total non-audit services	8,721	8,721
Grand total fees for the Authority	59,542	59,542



The key contacts in relation to our audit are:

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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. We draw your attention to the Statement of Responsibilities of auditors and audited bodies, which is available on Public Sector Audit Appointment's website (www.psaa.co.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Rees Batley, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers, by email to Andrew.Sayers@kpmg.co.uk. After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

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Our ref KPMG/EDDC/GrantCertL/17-18

8 November 2018

Dear Simon

Certification of claims and returns – annual report 2017/18

Public Sector Audit Appointments (PSAA) requires its appointed auditors to prepare an annual report on the claims and returns certified for each audited body. This letter is our annual report for the certification work we have undertaken for East Devon District Council.

In 2017/18 we carried out certification work on only one claim, the Housing Benefit Subsidy claim. The certified value of the claim was £30.9 million, and we completed our work and certified the claim on 2 November 2018. Our work followed PSAA's HBCOUNT methodology and included:

- Agreeing standard rates, such as for allowances and benefit incomes, to the DWP Circular communicating the value of each rate for the year;
- Sample testing of benefit claims to confirm that the entitlement had been correctly calculated and was supported by appropriate evidence;
- Undertaking an analytical review of the claim form considering year-on-year variances and key ratios;
- Confirming that the subsidy claim had been prepared using the correct benefits system version; and
- Completing testing in relation to modified schemes payments, uncashed cheques and verifying the accurate completion of the claim form.

Matters arising

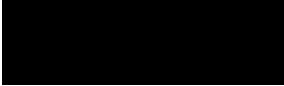
Our certification work on the Council's Housing Subsidy Benefit claim identified minor amendments in order to ensure that the "reconciliation cells" included in the claim form agreed to the related total expenditure cells. These amendments had no impact upon the overall level of subsidy claimed. We certified the claim unqualified following these amendments.

Consequently we have made no recommendations to the Authority to improve its claims completion process. There are no further matters to report to you regarding our certification work.

Certification work fees

PSAA set an indicative fee for our certification work in 2017/18 of £8,721. Our actual fee was the same as the indicative fee.

Yours sincerely



Rees Batley
Director

Report to: **Audit and Governance Committee**
Date of Meeting: 29 November 2018
Public Document: Yes
Exemption: None



Agenda item: **10**

Subject: **Partnership Review 2017/18**

Purpose of report: Partnership information for the 2017/18 financial year until March 2018 is supplied to allow the Audit and Governance Committee to monitor the status of our partnerships. This follows the year end review of partnerships by responsible officers for 2017/18.

Recommendation: **That the Audit and Governance Committee considers the current status of partnerships until March 2018.**

Reason for recommendation: To ensure that the Partnership Management Policy and Guidance is being followed and all partnership are being monitored.

Officer: Joanne Avery, Management Information Officer
javery@eastdevon.gov.uk
ext 2332

Financial implications: There are no direct financial implications.

Legal implications: There are no direct legal implications

Equalities impact: Low Impact

Risk: Low Risk

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

Links to background information:

- [Appendix A – Year End Partnership Review 2017/18](#)

Link to Council Plan: Living, working, enjoying and outstanding Council

Report in full

1. The EDDC's Partnership Policy requires all partnerships identified by the council to be reviewed annually. There are currently 13 active partnerships as defined by our policy which states that EDDC uses the following as the definition of a partnership: "An agreement between two or more independent bodies to work collectively to achieve an objective."

Also a partnership must reflect the following criteria:

- critical to the delivery of the Council’s corporate priorities
- strategic in nature
- require significant resource input from the Council
- have constitution and governance arrangements in place
- have multi-agency membership

2. For this Year End Review for 2017/18 all lead officers involved with a partnership were asked to assess the overall partnership, reviewing budget issues, achievements, forward plans and the ongoing benefit of continuing engagement with the Partnership.
3. There is one Partnership that is now inactive, the Greater Exeter Greater Devon which is now redundant and the work is being led by the Greater Exeter Strategic Partnership (GESP). This will be removed from the Partnership list for 2018/19.
4. The rest of the partnerships are active and met at least three times annually, some more often. There are no major current budget issues with any of the partnerships although most receive some funding from EDDC. It is recommended that our involvement with each of the partnerships continues with benefits of continued engagement with each being outlined below.

Partnership	Active or inactive partnership	Benefit of continued engagement
Shared ICT service with Exeter City and Teignbridge Councils (Strata)		Council Plan Outstanding Council: efficiencies - both financial, time saving and service resilience
South West Audit Partnership (SWAP)		Council Plan Outstanding Council: efficiencies - both financial, time saving and service resilience
Axminster Town Group	In development	To support the delivery of key site regeneration in and around Axminster
Exeter Science Park (Exeter Science Park Company Ltd – ESPL)	Active – Board and shareholder representation. Regular officer engagement.	Key objective of the Council is delivery of a thriving, competitive local economy
Exmouth Regeneration Board	Active – ongoing oversight of regen project delivery and debate on key issues of Exmouth regen.	Continued discussion and strategic regeneration input from cross sector partners is beneficial to development and delivery of projects and impact.
Greater Exeter Strategic Partnership	Active	Effective partnership working at a sub-regional level. Delivery of EDDC corporate objectives.
Exe Estuary Partnership	Active	To support the conservation and management of an internationally important site for wildlife and to educate and inform its users.

Partnership	Active or inactive partnership	Benefit of continued engagement
Leisure East Devon	Active	The Council maintains an oversight and is able to influence the work of our leisure partner through quarterly liaison meetings and regular interaction on joint projects.
Devon Rural Housing Partnership	Active	To help ensure that good quality rural affordable housing for local people continues to be delivered in an attempt to meet the need.
DCHOP (Devon & Cornwall Housing Options Partnership)	Active	-sharing of good practice -opportunity to discuss issues and solve problems with other LA's -shared training (and cost benefits) -joint working opportunities, including joint funding bids -consistent and supportive approach to challenges such as new government legislation, funding cuts etc
Blackdown Hills Area of Outstanding Natural Beauty (AONB)	Active	<ul style="list-style-type: none"> • Excellent multiplier of EDDC's £9.3k – 1:22 with £160k from Defra and other LA funding • Continuation of partnership working with key public and private sector partners. Ability to access additional funding for local project
East Devon Area of Outstanding Natural Beauty (AONB)	Active	Proven partnership delivering AONB Management Plan and Duty of Regard for EDDC under Sec 85 CROW Act 2000 Significant leverage on EDDC funding Strong cross-sector and community engagement and support Key partnership targeting rural economy, farming and forestry Policy development benefits eg LCA and bats Ambassador for EDDC/DCC
East and Mid Devon Community Safety Partnership	Active	It is a statutory requirement but it does demonstrate the added value of partnership working.

5. A report showing the partnerships detail appears in [Appendix A](#).

Agenda Item: 12



Audit and Governance Committee

29 November 2018

Audit and Governance Committee

Forward Plan 2018/19

Date of Committee	Report	Lead Officer
31 January 2019	<ul style="list-style-type: none">• Internal Audit Activity – Quarter 3 2018/19• Audit Committee update• Risk Management review – half year review • RIPA update • Report on outcomes against the Corporate Counter Fraud and Compliance strategy	SWAP Grant Thornton Management Information Officer Strategic Lead – Governance & Licensing Service Lead Revenue & Benefits
21 March 2019	<ul style="list-style-type: none">• Annual Audit Plan 2019/20• External Audit Plan• Audit Committee update• Accounting Policies Approval • RIPA update	SWAP Grant Thornton Grant Thornton Financial Services Manager Strategic Lead – Governance & Licensing