

Date: 1 March 2012  
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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 Ian Thomas – Portfolio Holder, Corporate Services  
Chief Executive  
Deputy Chief Executives  
Head of Service – Finance  
Internal Audit, SWAP  
External Audit, Grant Thornton  
Planning Policy Manager

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**Audit and Governance Committee**  
**Thursday 14 March 2013**  
**2.30pm**  
**Council Chamber, Knowle, Sidmouth**

Members of the public are welcome to attend this meeting.

- A period of 15 minutes has been provided at the beginning of the meeting to allow members of the public to raise questions.
- In addition, the public may speak on items listed on the agenda. After a report has been introduced, the Chairman of the Committee will ask if any member of the public would like to speak in respect of the matter and/or ask questions.
- All individual contributions will be limited to a 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.
- The public is advised that the Chairman has the right and discretion to control questions to avoid disruption, repetition and to make best use of the meeting time.

**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 17 January 2013. 4 - 10
- 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	Review of Internal Audit Charter	SWAP	11
8	Annual Internal Audit Plan 2013-14	SWAP	12 - 16
9	Audit Plan and Interim Audit Report	Grant Thornton	17 – 34
10	Governance Action Plan update	Head of Finance	35 - 38
11	Contracts register	Corporate Procurement Officer	39 - 42
12	Aggregate washed away from the beach at Sidmouth	Street Scene Manager	43 - 46
13	Forward Plan	Head of Finance	47

### **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**

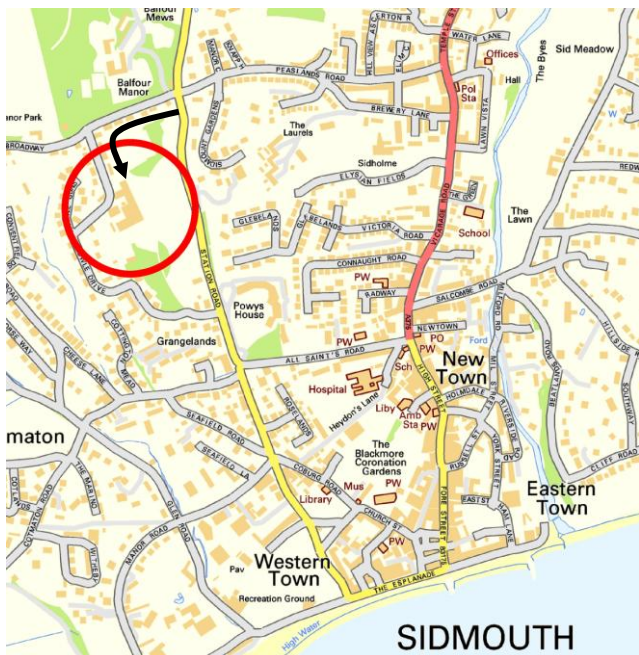
The Council will give due regard under the Equality Act 2010 to the equality impact of its decisions.

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.

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



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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.

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.

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## **EAST DEVON DISTRICT COUNCIL**

### **Minutes of a Meeting of the Audit and Governance Committee held at Knowle, Sidmouth, on Thursday 17 January 2013**

**Present:** Councillors:  
Ken Potter (Chairman)  
Peter Bowden (Vice Chairman)  
Roger Boote  
Bob Buxton  
Steve Gazzard  
Steve Hall  
Tony Howard

**Also Present:** Councillors:  
David Cox, Portfolio Holder - Finance

**Officers:** Simon Davey, Head of Finance  
Matt Dickins, Planning Policy Manager  
Alethea Thompson, Democratic Services Officer  
Hannah Whitfield, Democratic Services Officer

**Internal Auditors:** Gerry Cox, South West Audit Partnership (SWAP)  
Andrew Ellins, South West Audit Partnership (SWAP)  
Moya Moore, South West Audit Partnership (SWAP)

**External Auditors:** Jenny Dwyer, Grant Thornton  
Barrie Morris, Grant Thornton

**Apologies:** Committee Member  
Councillor Geoff Pook

Non-Committee Member  
Councillor Graham Brown

The meeting started at 2.35 pm and ended at 4.15 pm.

#### **\*33 Public Questions**

No questions were raised by members of the public.

#### **\*34 Minutes**

The minutes of the meeting of the Audit and Governance Committee held on 29 November 2012 were confirmed and signed as a true record.

A member of the Committee, who had been unable to attend the previous meeting, asked for clarification of Grant Thornton's fee for providing audit services to the Council for the year. Grant Thornton advised that the figure was approximately £67,000 (this figure included the 40% reduction).

**\*35 Declarations of interest**

There were no declarations of interest from Members.

**36 SWAP Governance Arrangements**

The Committee considered the Head of Internal Audit Partnership's report requesting that East Devon District Council become a member of the South West Audit Partnership Ltd. (SWAP Ltd.) and to dissolve the current South West Audit Partnership Joint Committee (SWAP).

The Joint Committee model was designed and intended for relatively small partnerships, where a single or limited service could best be delivered by two or three authorities combining their resources. This model worked well and was simple to direct and manage. However, the partnership had grown from two members in 2005 to twelve members. The increased membership had benefitted all partners with greater economies of scale, a wider expertise base and quality and productivity improvements that would not have been possible with a smaller partnership.

The Partnership Board had explored a number of ways in which the existing model could be adapted to meet the current and future needs of the partnership. The principle areas that needed addressing were:

- Partnership Board voting arrangements.
- Financial control.
- Staff pay, terms and conditions.

Having considered a range of alternate possible corporate structures, the conclusion of the Partnership Board was that the most appropriate governance model for SWAP was a company limited by guarantee.

A workshop for councillors from all SWAP partners was held on 12 October 2012 to gain councillors' views on what sort of governance arrangements should be employed for the new company. The conclusion of the councillors' workshop, subsequently endorsed by the Partnership Board was that the following governance structure should be adopted:

- Appointees to the Member's Board would be councillors representing their respective authorities.
- Appointees to the Board of the Directors could be anyone each individual authority chose, either officer or councillor.

The Committee discussed the role and composition of the Member's Board and the Board of Directors, the details of which were set out in the report. It was noted that annual financial contributions to SWAP would not increase from 2012/13 and no other charges would fall to the Council as a result of the changed governance arrangements.

Concern was expressed over liabilities and the Head of Internal Audit Partnership, SWAP, explained that there would be no change to the authority's liabilities. There would also be no change to operational arrangements with SWAP.

36 **SWAP Governance Arrangements continued...****RECOMMENDED:**

that the following recommendations to Council be agreed in principle with the negotiation of the detail being delegated to the Head of Finance in consultation with the Corporate Legal and Democratic Services Manager:

- 1 that the formation of a company limited by guarantee to replace the existing SWAP Joint Committee be approved.
- 2 that EDDC elects to be a local authority member of the SWAP Ltd. by 1 April 2013, on the terms set out in the articles of association, deed and service agreement.
- 3 that EDDC agrees to the dissolving of the SWAP Joint Committee at a date to be determined, but not later than 30 June 2013.
- 4 that the separation of responsibilities and the membership profiles of the Members' Board and the Board of Directors be noted.
- 5 that the Council note that the fees for the provision of internal audit services by SWAP Ltd. for the financial year 2013/14, will not increase on the fees paid to SWAP by the Council for 2012/13.

(Councillor Steve Gazzard asked for his abstention from voting to be recorded as he had not received the additional paperwork or been able to attend the workshop).

37 **Five year housing land supply and associated infrastructure update**

At their meeting on 29 November 2012 the Council's lack of five year housing land supply was highlighted to the Committee as a high risk to the authority through the Risk Register. The Committee asked that Planning Policy Manager provide a briefing note outlining the current position of the Council's five year housing land supply and measures being implemented to reduce the risk of future challenges. Since that meeting a further appeal had been allowed following a Public Inquiry, at land adjacent to Butts Road, Ottery St Mary.

The Committee considered the report of the Planning Policy Manager giving an overview of the Council's position regarding its five year housing land supply. The Planning Policy Manager explained that the Government wished to see more house building and were concerned that the supply of suitable and available land was a key factor restricting development. Under the National Planning Policy Framework (NPPF) local planning authorities were required to ensure that they had a sufficient supply of land available to accommodate housing need for their administrative areas over the five year period looking forward.

The Planning Policy Manager briefly explained the Inspector's decision for allowing the appeals at Louvigny Close, Feniton and Butts Road, Ottery St Mary. In both cases the Inspector had attached limited weight to the Council's disaggregated approach, splitting the West End and rest of the district, in respect of five year

## 37 **Five year housing land supply and associated infrastructure update continued...**

housing land supply figures and did not agree that the Council had a five year housing land supply. The Inspector felt that both the housing delivery at Cranbrook and predicted windfall figures had been optimistic and that the five year housing land supply (plus 20% buffer now required) figure should be calculated solely on permissions granted. The calculations should not include allocations in the Local Plan, as this had not yet gone through examination (post examination it was explained that allocations should count as part of the supply as at that point sites had more certainty of being developed). The need for housing had overridden the material consideration of loss of high grade agricultural land. The Inspectors decision at the Ottery St Mary appeal indicated that until the Local Plan had been through examination, the Council should be planning to accommodate 17,100 homes, as set out in the emerging South West RSS, over the 2006 – 2026 period. Although the RSS was to be formally abolished, this figure had been through examination and the supporting evidence was still considered by the Inspector at the Planning Inquiry at Ottery St Mary to be the best current guide to appropriate housing numbers for the District. At the Local Plan examination the Council would be putting forward a case that circumstances had changed since the RSS was produced and therefore that a different, slightly lower number, was appropriate.

The Committee was advised that a more detailed report on the Council's five year housing land supply would be presented to the Development Management Committee in February, with a recommendation that that the Committee endorse the requirement to secure a Six Year Land Supply (five years, plus 20%) and note the need to grant planning approval for high quality development proposals to help address both land supply shortfall and the objective of securing sustainable development.

In response to questions from the Committee, the Planning Policy Manager clarified that:

- the five year land supply did not currently apply to employment land;
- S106 and CIL contributions were not lost if an appeal was allowed – the Inspector could consider whether the contributions were appropriate;
- Data relating to the 2011 census was becoming increasingly available;
- The Local Plan would be reviewed every 5 years to ensure that the Council continued to have sufficient land supply to meet housing need for the district. An Annual Monitoring Report was also presented to Cabinet which monitored areas such as the five year housing land supply;
- Three possible outcomes from the Local Plan examination were:
  - The Local Plan was found to be sound (possibly with a few minor recommendations for changes);
  - More evidence or consultation was required to support the proposals in the Plan – this could delay adoption of the Plan by Council;
  - Fundamental concerns/flaws were identified that would result in the Inspector finding the Plan unsound. In this case the process would need to be restarted.

Barrie Morris of Grant Thornton, when asked for his response to the measures being put in place to mitigate the risk to the Council in terms of it having a lack of five year housing land supply, advised that Officers had identified the risk and were taking action to address the land supply issue and ensuring that reasons for any refusals were robust.

### 37 **Five year housing land supply and associated infrastructure update continued...**

Concerns raised and comments made by the Committee during a lengthy discussion about the Council's latest position regarding its five year housing land supply covered the following:

- Concerns about the risk to the authority in terms of inappropriate development through not having a five year housing land supply or adopted Local Plan.
- Vision for the district being lost through having to deal with applications on a scheme by scheme basis;
- Refusals needed to be based on sound reasons that could be supported by evidence – having a disaggregated five year housing land supply could no longer be used;
- The need for an ongoing TaFF/Working Party to monitor the five year housing land supply and to ensure that there was always sufficient land supply;
- Council needing to be aware of the Committee's concerns about the risk to the authority through not having a five year housing land supply and ask that they ensure that the necessary processes be put in place to prevent it being identified as a risk in future.

The Planning Policy Manager reiterated that the Local Plan was the proper process for finding and allocating land for development and that the Plan would be reviewed every five years to ensure that land supply was meeting the housing need. The current issues were a result of not having an adopted Local Plan, delay to building starting at Cranbrook and the introduction of the NPPF.

The Chairman thanked the Planning Policy Manager for attending the meeting.

- RECOMMENDED:**
- 1 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.
  - 2 that Council put in place processes to make sure that the Council has a rolling valid five year housing land supply.

**RESOLVED:** that a brief update on the five year housing land supply be presented at the next Committee meeting.

### \*38 **Certification work report 2011/12**

Members considered the report of Grant Thornton, External Auditors regarding the Certification Report 2011/12 which outlined the Council's performance in applying for government grants, claiming and the preparation of information used in claims.

It was noted that the Council had submitted four claims and returns for certification for the financial year 2011/12. The report summarised the external auditors overall



**\*38 Certification work report 2011/12 continued...**

assessment of the Council's management arrangements in respect of the certification process. There were no significant matters to be brought to the Council's attention in relation to individual claims. However, Grant Thornton, External Auditors did note opportunities for improvement to minimise the risk of amendments being required. The Auditors recommended that staff responsible for claims and returns should ensure that they complied with all relevant guidance had been complied with and that there was independent review prior to submission for certification.

The Council and its officers were commended for completing the work on schedule and for having no qualifications on claims. It was noted that there had been a 10% decrease in certification fees.

The External Auditors were thanked for their report and their continuing support in the Council's improvement. The Head of Finance and his team were also thanked for all their hard work.

**RESOLVED:** that the contents of the Certification Report 2011/12 be noted.

**\*39 Internal Audit Activity – Quarter 3 2012/13**

Members considered the report of the Audit Manager which provided the outturn position for the Internal Audit Plan at the end of December 2012, providing an update for Quarter 3 and progress at the time of the report for Quarter 4.

The Committee were advised that two recently completed Key Controls on Treasury Management and Payroll had both achieved substantial assurance. Five Key Control Audits were at draft report stage and two remaining Key Control Audits on Council Tax and NNDR and Creditors were in progress.

In response to a question from a member of the Committee, the Audit Manager assured Members that action was being taken to address concerns regarding contract management and that the contract register should be in place by the end of the year.

Concern was expressed over a recent email which had been sent to officers and Councillors regarding the need to submit VAT invoices. It was important that the Council had the appropriate documents in place to record and claim back VAT. The Head of Finance reported that a VAT user guide had been produced and that there was an accountancy officer whose main role was evaluating VAT procedures across the Council.

The Chairman thanked the internal auditors for presenting their report.

**RESOLVED:** that the content of the Internal Audit Plan – Quarterly Update 2012/13 be noted.

\*40 **Forward Plan 2012/13**

The Committee noted the contents of the forward plan. The Audit Charter would be delayed until the June Committee as it would look different under the new SWAP governance arrangements.

Grant Thornton, External Auditors advised that they would be bringing an Audit Plan and update to the next meeting.

The Head of Finance was requested by the Committee to provide a report on the contracts register to the next meeting following concerns raised from the Internal Activity Report. The Procurement Officer be asked to attend to discuss this item.

A request was made for a report on the cost of the aggregate which was recently placed on Sidmouth beach to protect Pennington Point and subsequently washed away by a combination of high tide and stormy seas. The Head of Finance advised that the material had been dredged from the River Sid and at EDDC's request was diverted to Pennington Point at what thought to be at nil cost, but this would need confirming.. More information was requested on who had authorised this and how much the incident had cost the Council.

Items to be included for the March Committee:

- Annual Audit Plan 2013/14, SWAP
- Audit Plan and interim audit report, Grant Thornton
- Governance Action Plan update, Head of Finance
- Contracts register, Corporate Procurement Officer
- Aggregate washed away from the beach at Sidmouth, Street Scene Manager
- Update review of the five year housing land supply, Planning Policy Manager

**RESOLVED:** that the updated forward plan be noted.

At the end of the meeting the Chairman advised Members that Hannah Whitfield, Democratic Services Officer would no longer be servicing the Audit and Governance Committee due to other work commitments. He thanked Hannah for all her hard work and support and welcomed Alethea Thompson, Democratic Services Officer who would be servicing the Committee from now on..

Chairman ..... Date .....

## **Agenda Item: 07**

**Audit and Governance Committee**

**14 March 2013**

**SWAP – AE**



### **Review of Internal Audit Charter**

#### **Summary**

The purpose of the Charter is to set out the nature, role, responsibility, status and authority of internal auditing within East Devon District Council, and to outline the scope of internal audit work.

#### **Recommendation**

**That the Audit and Governance Committee note that the current Audit Charter will continue and a New Charter will be presented at the June A&G Committee Meeting, as SWAP will change to a Company Limited by Guarantee on 1.4.13.**

#### **a) Reasons for Recommendation**

It is a requirement that the Audit and Governance Committee approve the Audit Charter annually.

#### **b) Alternative Options**

None

#### **c) Risk Considerations**

Failure to gain independent assurance over the internal control arrangements by undertaking periodic internal audits of all of the Councils activities using a risk based methodology could impact negatively (i.e. financial, reputational, operational) on the Council.

#### **d) Policy and Budgetary Considerations**

None

#### **e) Date for Review of Decision**

Annual Approval of the Charter is normally in March but due to the Governance changes to SWAP this is deferred until June 2013.

Andrew Ellins  
Audit Manager  
SWAP

Audit and Governance Committee  
14 March 2013

## **Agenda Item: 8**

**Audit and Governance Committee**

**14 March 2013**

**SWAP – AE**



### **Internal Audit Plan 2013-14**

#### **Summary**

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 has produced an Audit Plan for 2013-14 that requires the approval of the Audit and Governance Committee.

#### **Recommendation**

**That the Audit and Governance Committee approve the Internal Audit Plan of 400 days for April 2013 to March 2014.**

#### **a) Reasons for Recommendation**

It is a requirement that the Audit and Governance Committee approve the annual audit plan.

#### **b) Alternative Options**

The Plan is broken down into a range of audit assignments that will seek to provide assurance that key risks are being managed effectively. If an emerging risk or a fraud investigation is deemed higher risk than the audits in this Original Plan then changes may be required during the year. The Committee are approving the initial plan of 400 days. Any changes will be reported to Committee.

#### **c) Risk Considerations**

Failure to gain independent assurance over the internal control arrangements by undertaking periodic internal audits of all of the Council's activities using a risk based methodology could impact negatively (i.e. financial, reputational, operational) on the Council.

#### **d) Policy and Budgetary Considerations**

None

#### **e) Date for Review of Decision**

Annual Approval of the Audit Plan and quarterly updates on progress against the plan and any proposed changes to the Plan.

# **1 Main Body of the Report**

## **Background**

The total number of audit days planned for 2013-14 is 400 days, which is 22 days less than 2012-13. This represents a 5% cut in-line with service cuts across the Council. It also represents an improved internal control environment since SWAP assisted the Council in reviewing and improving its operations, especially its key controls for the past 3 years.

As last year, this plan has been pulled together with a view to providing assurance to both officers and members of the current and imminent risks faced by the Authority in an ever changing risk environment. The plan is only indicative to facilitate the planning of audit resources. We anticipate that the plan will have to remain flexible to address new and emerging risks faced by the Council.

To ensure that to the best of our ability we have covered the necessary risks, the Audit Manager and the Section 151 Officer have liaised with the Senior Management Team and together, whilst also considering audits already undertaken in recent years, have produced the plan detailed in Appendix A.

## **Key Control Audits**

The Key Control process focuses primarily on key risks relating to the Council's major financial systems. It is essential that all key controls identified by the External Auditors are operating effectively to provide management with the necessary assurance. To this end we liaise with the External Audit representatives and include any requirements they have in providing them necessary assurance, in line with the International Auditing Standards, that they are required to audit against. There are nine annual audits planned;

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

## **Governance Audits**

The Governance Audit process focuses primarily on key risks relating to cross cutting areas that are controlled and/or impact at a Corporate rather than just 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 our Client Sites.

We fully consulted with each of our Client Section 151 Officers and with them, or their representatives at the SWAP Management Board, we carried out a Control and Risk Self Assessment workshop to identify the major risks facing their organisations for the coming year. These were considered by the Senior Management Team at East Devon District Council and those reviews which were felt to be of value have been included in the 2013-14 Plan. There are six such Governance reviews;

- Fighting Fraud Locally
- Corporate Procurement Cards
- New Council Tax Support Scheme
- NNDR – Managing New Risks and Opportunities
- Debt Management
- Asset Management – Leasing

### **I.T. Audits**

I.T. Reviews are completed to provide the Authority with assurance with regards to their compliance with industry best practice. SWAP has a specialist Computer Audit Manager who has met with the ICT Manager to identify specific I.T. related risks. There are 5 I.T. reviews;

- Corporate Backup Routines
- Disaster Recovery
- ICT Strategy including Shared Services
- Software Licensing
- Mobile and Remote Working – ICT

### **Operational Audits**

Operational audits are a detailed evaluation of a service or functions 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. There are six audits planned for 2013-14;

- Street Scene Asset Inspections (Public Safety)
- Corporate Risk Register
- Countryside Service
- Procurement Rules Compliance
- Development Control and the 5 Year Land Supply
- Council Office Relocation (Consultation - Non-Opinion)

### **Follow Up Audits**

Internal Audit follow up on all Audits being given a 'Partial or No Assurance' level to ensure that agreed actions to mitigate risks have been implemented. We have provisionally planned 15 days to do follow-up reviews as we are aware of at least 4 reviews that we will be following-up.

## **Advice and Meetings**

Internal Audit are risk experts and as well as undertaking planned audits are always glad to assist officers where they seek advice on managing their risks. Similarly, to enable effective governance Internal Audit work closely with External Audit and with the Section 151 Officer and the Audit and Governance Committee through regular liaison meetings and progress reporting.

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## **Legal Implications**

No legal comments are required.

## **Financial Implications**

No finance comments are required.

## **Consultation on Reports to the Committee**

The Section 151 Officer and SMT have contributed towards the Audit Plan. SWAP have recommended 'Themed' audits following Risk Management Facilitation Meetings with representatives of South West Councils where common emerging risks were identified in order to seek to compare and contrast best practice.

## **Background Papers**

- Appendix A – 2013/14 Internal Audit Plan

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Andrew Ellins  
Audit Manager  
SWAP

Audit and Governance Committee  
14 March 2013

**EDDC Proposed Internal Audit Plan 2013-14**

<b>Follow-Up Audits</b>	
Income Collection	3.00
Arts and Culture	3.00
Capital Accounting	3.00
Leisure East Devon	3.00
WIP	3.00
<b>Total</b>	<b>15.00</b>
<b>Key Control Audits</b>	
Capital Accounting	10.00
Council Tax and NNDR	15.00
Creditors	10.00
Debtors	10.00
Housing and Council Tax Benefits	15.00
Main Accounting	15.00
Payroll	10.00
Treasury Management	10.00
Housing Rents	15.00
<b>Total</b>	<b>110.00</b>
<b>Governance, Fraud and Corruption Audits</b>	
Fighting Fraud Locally	15.00
Corporate Procurement Cards	15.00
New Council Tax Support Scheme	15.00
NNDR - Managing New Risks and Opportunities	15.00
Debt Management	15.00
Asset Management - Leasing	15.00
<b>Total</b>	<b>90.00</b>
<b>IT Audits</b>	
Corporate Back-Up Routines	10.00
Disaster Recovery	10.00
ICT Strategy including Shared Services	15.00
Software Licensing	10.00
Mobile and Remote Working - ICT	10.00
<b>Total</b>	<b>55.00</b>
<b>Operational Audits</b>	
Streetscene Asset Inspections (Public Safety)	15.00
Corporate Risk Register	15.00
Countryside Service	20.00
Procurement Rules Compliance	15.00
Development Control and Land Supply	15.00
Council Office Relocation (Non-Opinion)	15.00
<b>Total</b>	<b>95.00</b>
<b>Follow-Up Audits</b>	<b>15.00</b>
<b>Key Control Audits</b>	<b>110.00</b>
<b>Fraud and Governance Audits</b>	<b>90.00</b>
<b>IT Audits</b>	<b>55.00</b>
<b>Operational</b>	<b>95.00</b>
<b>TOTAL AUDIT TIME</b>	<b>365.00</b>
Corporate Meetings	12.00
Corporate Advice	8.00
External Audit (Grant Thornton)	3.00
General Advice	12.00
<b>Total Plan Days</b>	<b>400.00</b>



# The Audit Plan for East Devon District Council

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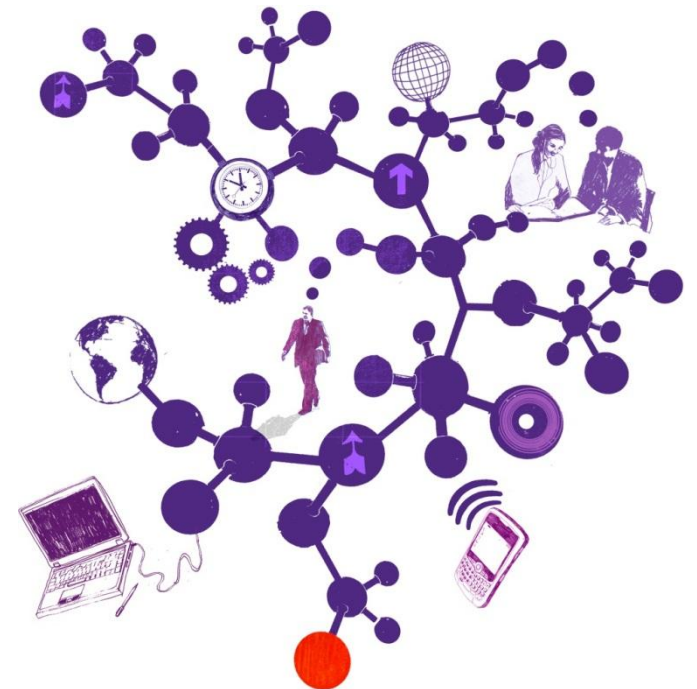
**Year ended 31 March 2013**

February 2013

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect 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.

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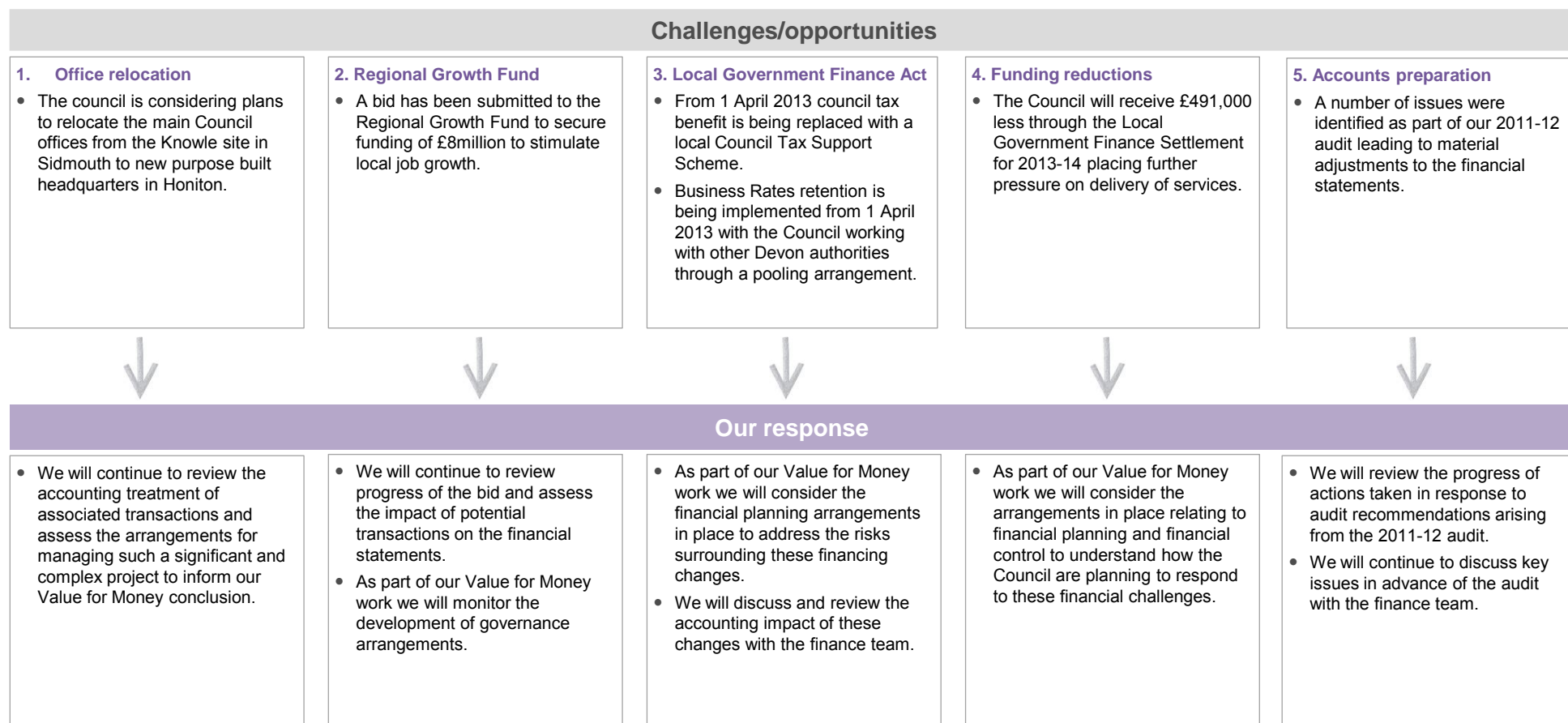
# Contents

## **Section**

1. Understanding your business
2. Developments relevant to your business and the audit
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8. Value for Money
9. Logistics and our team
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11. Communication of audit matters with those charged with governance

# Understanding your business

In planning our audit we need to understand the challenges and opportunities the Council is facing. We set out a summary of our understanding below.



# Developments relevant to your business and the audit

In planning our audit we also consider the impact of key developments in the sector and take account of national audit requirements as set out in the Code of Audit Practice and associated guidance.

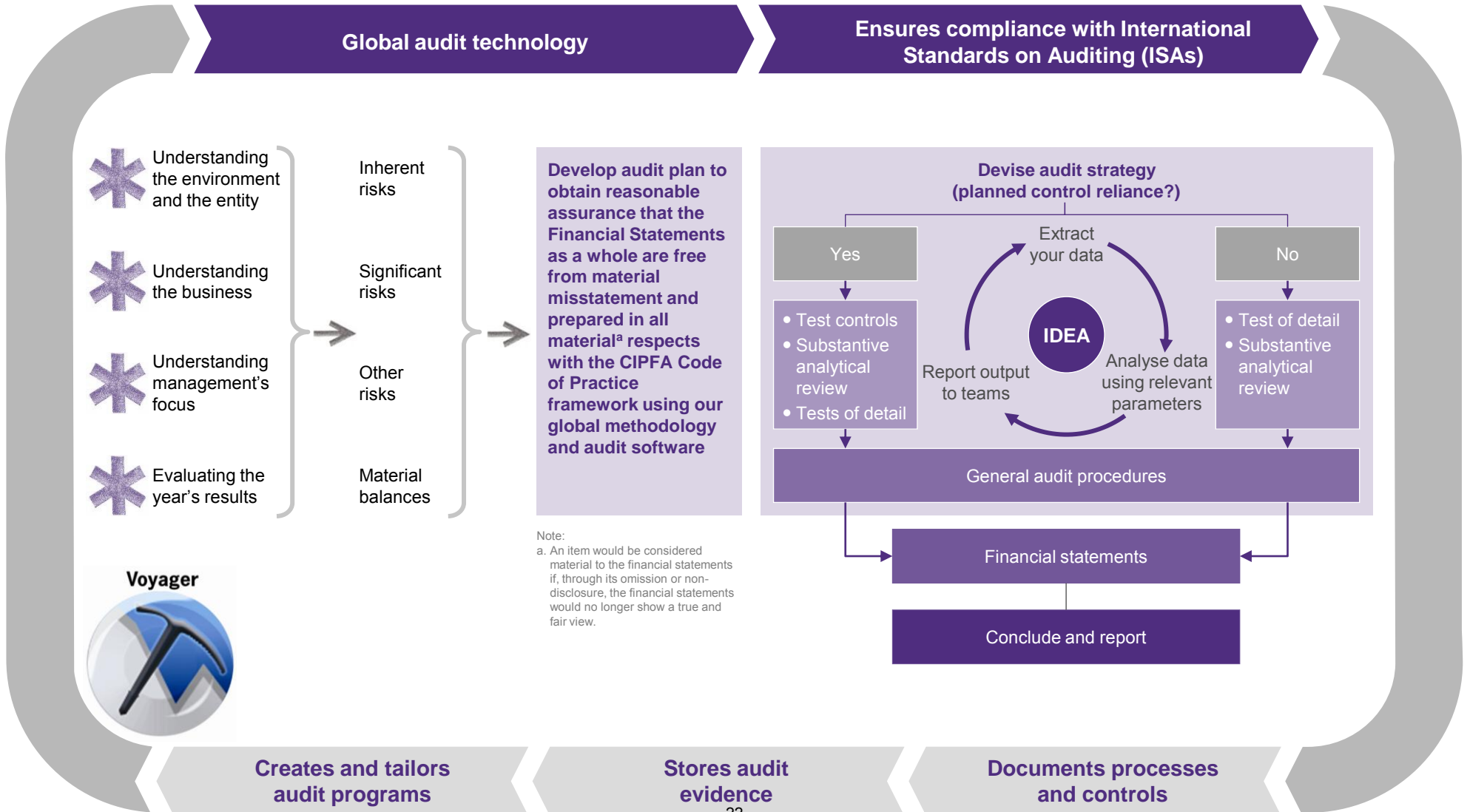
## Developments and other requirements

<p><b>1. Financial reporting</b></p> <ul style="list-style-type: none"> <li>• Changes to the CIPFA Code of Practice</li> <li>• Recognition of grant conditions and income</li> <li>• Self financing Housing Revenue Account</li> </ul>	<p><b>2. Legislation</b></p> <ul style="list-style-type: none"> <li>• Local Government Finance settlement 2012-3</li> <li>• Welfare reform Act 2012</li> </ul>	<p><b>3. Corporate governance</b></p> <ul style="list-style-type: none"> <li>• Annual Governance Statement (AGS)</li> <li>• Explanatory foreword</li> </ul>	<p><b>4. Pensions</b></p> <ul style="list-style-type: none"> <li>• Planning for the impact of 2013-14 changes to the Local Government pension Scheme (LGPS)</li> </ul>	<p><b>5. Financial Pressures</b></p> <ul style="list-style-type: none"> <li>• Managing service provision with less resource</li> <li>• Progress against savings plans</li> </ul>	<p><b>6. Other requirements</b></p> <ul style="list-style-type: none"> <li>• The Council is required to submit a Whole of Government accounts pack on which we provide an audit opinion</li> <li>• The Council completes grant claims and returns on which audit certification is required</li> </ul>
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## Our response

<p>We will ensure that</p> <ul style="list-style-type: none"> <li>• the Council complies with the requirements of the CIPFA Code of Practice through our substantive testing</li> <li>• grant income is recognised in line with the correct accounting standard</li> </ul>	<ul style="list-style-type: none"> <li>• We will discuss the impact of the legislative changes with the Council through our regular meetings with management and those charged with governance, providing a view where appropriate</li> </ul>	<ul style="list-style-type: none"> <li>• We will review the arrangements the Council has in place for the production of the AGS</li> <li>• We will review the AGS and the explanatory foreword to consider whether they are consistent with our knowledge</li> </ul>	<ul style="list-style-type: none"> <li>• We will discuss how the Council is planning to deal with the impact of the 2013-14 changes through our meetings with management</li> </ul>	<ul style="list-style-type: none"> <li>• We will review the Council's performance against the 2012-13 budget</li> <li>• We will undertake a review of Financial Resilience as part of our VFM conclusion</li> </ul>	<ul style="list-style-type: none"> <li>• We will carry out work on the WGA pack in accordance with requirements</li> <li>• We will certify grant claims and returns in accordance with Audit Commission requirements</li> </ul>
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# Our audit approach



# An audit focused on risks

We undertake a risk based audit whereby we focus audit effort on those areas where we have identified a risk of material misstatement in the accounts. The table below shows how our audit approach focuses on the risks we have identified through our planning and review of the national risks affecting the sector. Definitions of the level of risk and associated work are given below:

**Significant** – Significant risks are typically non-routine transactions, areas of material judgement or those areas where there is a high underlying (inherent) risk of misstatement. We will undertake an assessment of controls (if applicable) around the risks and carry out detailed substantive testing.

**Other** – Other risks of material misstatement are typically those transaction cycles and balances where there are high values, large numbers of transactions and risks arising from, for example, system changes and issues identified from previous years audits. We will assess controls and undertake substantive testing, the level of which will be reduced where we can rely on controls.

**None** – Our risk assessment has not identified a risk of misstatement. We will undertake substantive testing of material balances. Where an item in the accounts is not material we do not carry out detailed substantive testing.

Account	Material (or potentially material) balance?	Transaction Cycle	Inherent risk	Material misstatement risk?	Description of Risk	Substantive testing?
Cost of services - operating expenses	Yes	Operating expenses	Medium	Other	Operating expenses understated	✓
Cost of services – employee remuneration	Yes	Employee remuneration	Medium	Other	Remuneration expenses understated	✓
Costs of services – Housing & council tax benefit	Yes	Welfare expenditure	Medium	Other	Welfare benefits improperly computed	✓
Cost of services – Housing revenue	Yes	HRA	Medium	Other	Housing revenue transactions not recorded	✓
Cost of services – other revenues (fees & charges)	Yes	Other revenues	Low	None		✓
(Gains)/ Loss on disposal of non current assets	Yes	Property, Plant and Equipment	Low	None		✓
Payments to Housing Capital Receipts Pool	No	Property, Plant & Equipment	Low	None		✗
Precepts and Levies	Yes	Council Tax	Low	None		✓

## An audit focused on risks (continued)

Account	Material (or potentially material) balance?	Transaction Cycle	Inherent risk	Material misstatement risk?	Description of Risk	Substantive testing?
Interest payable and similar charges	Yes	Borrowings	Low	None		✓
Pension Interest cost	Yes	Employee remuneration	Low	None		✓
Interest & investment income	No	Investments	Low	None		×
Return on Pension assets	Yes	Employee remuneration	Low	None		✓
Impairment of investments	No	Investments	Low	None		×
Income from council tax	Yes	Council Tax	Low	None		✓
NNDR Distribution	Yes	NNDR	Low	None		✓
Other Government grants	Yes	Grant Income	Low	None		✓
Capital grants & Contributions (including those received in advance)	Yes	Property, Plant & Equipment	Low	Significant		✓
(Surplus)/ Deficit on revaluation of non current assets	Yes	Property, Plant & Equipment	Low	None		✓
Actuarial (gains)/ Losses on pension fund assets & liabilities	Yes	Employee remuneration	Low	None		✓
Other comprehensive (gains)/ Losses	No	Revenue/ Operating expenses	Low	None		×



## An audit focused on risks (continued)

Account	Material (or potentially material) balance?	Transaction Cycle	Inherent risk	Material misstatement risk?	Description of Risk	Substantive testing?
Property, Plant & Equipment	Yes	Property, Plant & Equipment	Medium	Other	PPE activity not valid	✓
Property, Plant & Equipment	Yes	Property, Plant & Equipment	Medium	Other	Revaluation measurements not correct	✓
Intangible assets	No	Intangible assets	Low	None		×
Investments (long & short term)	Yes	Investments	Low	None		×
Debtors (long & short term)	Yes	Revenue	Low	None		✓
Assets held for sale	No	Property, Plant & Equipment	Low	None		×
Cash & cash Equivalents	Yes	Bank & Cash	Low	None		✓
Borrowing (long & short term)	Yes	Debt	Low	None		✓
Creditors (long & Short term)	Yes	Operating Expenses	Medium	Other	Creditors understated or not recorded in the correct period	✓
Provisions (long & short term)	Yes	Provision	Low	None		✓
Pension liability	Yes	Employee remuneration	Low	None		✓
Reserves	Yes	Equity	Low	Significant		✓

# Significant risks identified

'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 outline the significant risks of material misstatement which we have identified. There are two presumed significant risks which are applicable to all audits under auditing standards (International Standards on Auditing – ISAs) which are included below:

Significant risk	Description	Substantive audit procedures
The revenue cycle includes fraudulent transactions	Under ISA 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.	<p><b>Work completed to date:</b></p> <ul style="list-style-type: none"> <li>Review of revenue recognition policies</li> </ul> <p><b>Further work planned:</b></p> <ul style="list-style-type: none"> <li>Testing of revenue recognition policies</li> <li>Performance of attribute testing on material revenue streams</li> </ul>
Management over-ride of controls	Under ISA 240 there is a presumed risk that the risk of management over-ride of controls is present in all entities.	<p><b>Work completed to date:</b></p> <ul style="list-style-type: none"> <li>Testing of journal entries</li> </ul> <p><b>Further work planned:</b></p> <ul style="list-style-type: none"> <li>Review of accounting estimates, judgments and decisions made by management</li> <li>Testing of journal entries</li> <li>Review of unusual significant transactions</li> </ul>
Issues arising from prior year are not adequately addressed	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 financial year.	<p><b>Work completed to date:</b></p> <ul style="list-style-type: none"> <li>We have considered the recommendations made following our 2011-12 audit of the financial statements and discussed progress with the finance team</li> </ul> <p><b>Further work planned:</b></p> <ul style="list-style-type: none"> <li>Substantive testing of grant revenue to ensure appropriately recognised in accordance with accounting policies</li> <li>Substantive testing of accounting entries relating to capital financing and reconciliation of movements between reserves</li> <li>Substantive testing of year end debtors and creditors to ensure appropriately accounted for in the correct financial year</li> </ul>

# Other risks

The auditor should evaluate the design and determine the implementation of the entity's controls, including relevant control activities, over those risks for which, in the auditor's judgment, it is not possible or practicable to reduce the risks of material misstatement at the assertion level to an acceptably low level with audit evidence obtained only from substantive procedures (ISA 315).

Other reasonably possible risks	Description	Work completed to date	Further work planned
Operating expenses and creditors	Creditors understated or not recorded in the correct period	<ul style="list-style-type: none"> <li>Review of internal financial controls relating to operating expenses and creditors</li> <li>Substantive testing of material expenditure incurred up to December 2012</li> </ul>	<ul style="list-style-type: none"> <li>Substantive testing of material expenditure streams for the remainder of the 2012-13 financial year</li> <li>Substantive testing of significant creditor balances</li> <li>Review of after date payments to ensure all liabilities identified</li> </ul>
Employee remuneration	Remuneration expenses understated	<ul style="list-style-type: none"> <li>Review of internal financial controls relating to employee remuneration</li> </ul>	<ul style="list-style-type: none"> <li>Substantive testing of employee remuneration expenditure</li> </ul>
Welfare Expenditure	Welfare benefits improperly computed	<ul style="list-style-type: none"> <li>Review of internal financial controls relating to welfare expenditure</li> </ul>	<ul style="list-style-type: none"> <li>Completion of housing and council tax benefits subsidy certification</li> </ul>
Housing Rent Revenue Account	Revenue transactions not recorded	<ul style="list-style-type: none"> <li>Review of internal financial controls relating to HRA rental revenue</li> </ul>	<ul style="list-style-type: none"> <li>Substantive testing of HRA rental revenue</li> </ul>
Property, Plant & Equipment	PPE activity not valid	<ul style="list-style-type: none"> <li>Review of internal financial controls relating to PPE additions and disposals</li> </ul>	<ul style="list-style-type: none"> <li>Substantive testing of PPE additions and disposals</li> </ul>
Property, Plant & Equipment	Revaluation measurement not correct	<ul style="list-style-type: none"> <li>Review of internal financial controls relating to PPE valuations</li> </ul>	<ul style="list-style-type: none"> <li>Review of accounting entries in respect of any revaluations to ensure fully and accurately reflected in the accounts</li> </ul>

# Results of interim audit work

## Scope

As part of the interim audit work and in advance of our final accounts audit fieldwork, we have considered:

- the effectiveness of the internal audit function
- internal audit's work on the Council's key financial systems
- walkthrough testing to confirm whether controls are implemented as per our understanding in areas where we have identified a risk of material misstatement
- a review of Information Technology (IT) controls

	Work performed	Conclusion
<b>Internal audit</b>	We have reviewed internal audit's overall arrangements. Where the arrangements are deemed to be adequate, we can gain assurance from the overall work undertaken by internal audit and can conclude that the service itself is contributing positively to the internal control environment and overall governance arrangements within the Council.	Overall, we have concluded that the Internal Audit service continues to provide an independent and satisfactory service to the Council and that we can take assurance from their work in contributing to an effective internal control environment at the Council.  We will continue to review the internal audit's findings to inform our audit planning.
<b>Walkthrough testing</b>	Walkthrough tests were completed in relation to the specific accounts assertion risks which we consider to present a risk of material misstatement to the financial statements. These relate to: <ul style="list-style-type: none"> <li>• Property, plant and equipment</li> <li>• Employee remuneration</li> <li>• Operating expenses and creditors</li> <li>• Welfare Expenditure</li> <li>• HRA Rental Revenue</li> </ul>	No significant issues were noted and in-year internal controls were observed to have been implemented in accordance with our documented understanding.

## Results of interim audit work (continued)

	<b>Work performed</b>	<b>Conclusion</b>
<b>Review of information technology (IT) controls</b>	Our information systems specialist has arranged to perform a review of the general IT control environment in March 2013.	Following completion of this work, we will confirm whether there are any material weaknesses which are likely to adversely impact on the Council's financial statements.
<b>Journal entry controls</b>	We have reviewed the Council's journal entry policies and procedures as part of determining our journal entry testing strategy and we have undertaken detailed testing on journal transactions recorded for the first nine months of the financial year, by extracting large and 'unusual' entries for further review.	<p>As noted in previous years, journal entries do not require separate authorisation, although spot checks are in place throughout the year and following a 2011-12 audit recommendation, the Council has confirmed that all year end postings will be verified by a separate officer to minimise the risk of inappropriate journals being posted leading to errors in the financial statements.</p> <p>No significant issues were noted from our testing of journals to date. However, further work will be undertaken to test journals for the remainder of the 2012-13 financial year and as part of our final accounts visit we will review the enhanced controls to ensure the validity and accuracy of year end journal entries.</p>
<b>Follow up of prior year recommendations</b>	We have considered the recommendations made following our 2011-12 audit of the financial statements and discussed progress with the finance team.	We will continue to review progress against the recommendations raised as the implementation of these will be during the preparation of the 2012-13 financial statements.

# Value for Money

## Introduction

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

## 2012-13 VfM conclusion

Our Value for Money conclusion will be based on two reporting criteria specified by the Audit Commission.

We will tailor our VfM work to ensure that as well as addressing high risk areas it is, wherever possible, focused on the Council's priority areas and can be used as a source of assurance for members. Where we plan to undertake specific reviews to support our VfM conclusion, we will issue a Terms of Reference for each review outlining the scope, methodology and timing of the review.

The results of all our local VfM audit work and key messages will be reported in our Audit Findings report and in the Annual Audit Letter. We will agree any additional reporting to the Council on a review-by-review basis.

## Code criteria

The Council has proper arrangements in place for:

- securing financial resilience
- challenging how it secures economy, efficiency and effectiveness in its use of resources

We will consider whether the Council is prioritising its resources with tighter budget

## Work to be undertaken

Risk-based work focusing on arrangements relating to financial governance, strategic financial planning and financial control. Specifically we will assess the arrangements in place to ensure financial resilience.

# Logistics and our team



Date	Activity
January	Planning meeting
January	Interim site work
March	The audit plan presented to Audit Committee
July	Year end fieldwork commences
August	Audit findings clearance meeting
September	Audit Committee meeting to report our findings
September	Sign financial statements and VfM conclusion
October	Issue Annual Audit Letter

## Our team

<p><b>Barrie Morris</b>  <b>Engagement Lead</b>                      T 0117 305 7708                      E barrie.morris@uk.gt.com</p>	<p><b>James Pitts</b>  <b>Audit In-Charge</b>                      T 0117 305 7691                      E james.pitts@uk.gt.com</p>
<p><b>Jenny Dwyer</b>  <b>Audit Manager</b>                      T 0117 305 7647                      E jenny.dwyer@uk.gt.com</p>	<p><b>Katie Haines</b>  <b>Audit Assistant</b>                      T 0117 305 7697                      E katie.v.haines@uk.gt.com</p>

# Fees and independence

## Fees

	2012-13	2011-12
Audit of financial statements	£66,861	£111,435
Grant certification*	£15,250	£29,575
<b>Total</b>	<b>£82,111</b>	<b>£141,010</b>

## Fees for other services

Service	Fees £
None	Nil

\* Indicative fee for 2012-13

## Our fee assumptions include:

- Our fees are exclusive of VAT
- Supporting schedules to all figures in the accounts are supplied by the agreed dates and in accordance with the agreed upon information request list
- The scope of the audit, and the Council and its activities have not changed significantly
- The Council will make available management and accounting staff to help us locate information and to provide explanations

## 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.

Full details of all fees charged for audit and non-audit services will be included in our Audit Findings report at the conclusion of the audit.

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



# Communication of audit matters with those charged with governance

International Standards 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.

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

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

## Respective responsibilities

This plan 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](http://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.

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



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## Agenda Item: 10

**Audit & Governance**

**14 March 2013**

**SD**



### Governance Action Plan Update

#### Summary

The Committee at its September meeting approved the Council's Annual Governance Statement which included an Action Plan to address key areas for improvement in order to enhance the governance and internal control environment of the Council and ensure continuous improvement.

This report updates members as to the progress made on these agreed actions.

#### Recommendation

**That members consider the update report and determine if they require any further update or progress report on any of the issues identified in the action plan.**

#### a) Reasons for Recommendation

The Committee has the responsibility for the approval of the Annual Governance Statement and to ensure actions are being taken to address any areas that require improvement.

#### b) Alternative Options

None

#### c) Risk Considerations

The Committee provide to the Council independent assurance on key issues relating to governance arrangements. The Committee need to be provided evidence that any areas where improvements are required are being satisfactorily managed in order to mitigate any associated risks.

#### d) Policy and Budgetary Considerations

No issues directly related to this report

#### e) Date for Review of Decision

The 2012/13 Annual Governance Statement will be presented to the Committee along with the Accounts in September 2013.

## 1. Governance and Control Issues Identified – Governance Action plan

- 1.1 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. These are listed below, along with the proposed actions to remedy or improve the position. Along side this is now a progress update for Members consideration.

Area for Improve - ment	Suggested Action	Responsible Officer Response	Officer Resp.	Progress
Financial Regulations & Contract Standing Orders	<p>These need reviewing to update in terms of organisation restructure, contract process and values need updating.</p> <p>Refresher training for staff is required in this area as there are concerns over the need to embed the importance of this document with staff.</p>	<p>This has been carried forward from 2011/12 and will now be completed in 2012/13.</p> <p>Contracts Standing Order reviewed September 2012 and Financial Regulations by 31 March 2013</p>	Simon Davey	<p>Revised Contract Standing Orders have been adopted and staff have been updated of the new document through email and through the News and Views meetings. The Corporate Procurement Officer will be attending team meetings in services to deal with specific issues.</p> <p>Work on the Financial Regulations has yet to be started and is likely to be delayed until the 1<sup>st</sup> quarter of 2013/14.</p>

ICT Service Continuity Plan	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.	To be completed by October 2012	Paul Bacon	<p>The DR infrastructure is up and running and ready to be moved to Honiton. Due to the likely performance impact that copying the data from one site to the other would have on users based at remote sites, we have decided to install extra network links. These new links will be used for employees working at remote sites, so that the existing link can be left dedicated for data replication.</p> <p>The new links are on order and should be live in March, with the equipment then being moved shortly after, March or April at the latest.</p>
Publication of Contracts Register	The publication of a contracts register on the Council's website. The Government has indicated that this may become a requirement for Councils but this has not been confirmed. Although not a requirement it is considered that this will improve transparency and openness.	To be completed by January 2013	Colin Slater	<p>The Register is live through "supplyingthe southwest.org.uk" website. There are gaps in the Register which the Corporate Procurement Officer is working with managers to complete.</p> <p>At the request of the A&amp;G Committee a separate report is being presented on this Agenda,</p>

Emergency Planning	Emergency Planning Audit identified some key weaknesses; an out of date emergency plan, including contact database and the need to define officer responsibility. This was identified as a current weakness by the Street Scene Manager in his Assurance Statement.	To be completed by March 2013	Andrew Hancock	The Corporate Emergency Plan has been completely reviewed and all contact information has been updated. A process has now been put in place to ensure the contact information is updated on a 6 monthly basis (or more regularly if we are notified of changes). The revised Emergency Plan and an SLA for the use of the South Somerset Civil Contingencies service will shortly be going to Cabinet for approval.
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### **Legal Implications**

There are no direct legal implications

### **Financial Implications**

There are no direct financial implications

### **Consultation on Reports to the Cabinet**

### **Background Papers**

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Simon Davey  
Head of Finance

Audit & Governance Meeting  
14 March 2013

## Agenda Item: 11

**Audit & Governance**

**14 March 2013**

**CS**



### Contracts Register Update

#### Summary

The Committee requested an update on the progress of the Council's Contract register

#### Recommendation

That members note the report and determine if any further actions or update is required.

#### a) Reasons for Recommendation

The Audit & Governance Committee were concerned that actions agreed as part of a SWAP report relating to the Council Contract Register were not be on track regarding implementation.

#### b) Alternative Options

None

#### c) Risk Considerations

It is seen to be good practice to have an up to date contracts register which is available for all to see.

#### d) Policy and Budgetary Considerations

There are no direct financial implications; each of these contracts would have an associated budget approved by Council.

#### e) Date for Review of Decision

The Annual Governance review would follow up progress on this issue.

### 1. Council Contracts Register

- 1.1 Although a requirement of the 2007 version of Contract Standing Orders, there was no central comprehensive contracts register in place until 2010. This was in a format used at the time by other local authorities but which eventually proved too basic for our needs in terms of the information recorded, and its accessibility.
- 1.2 Work began in late 2011 to identify a format which would provide a working document, constantly updated, and useful to parties across the authority, with the added capability of providing an online, publically accessible register.

- 1.3 The format chosen is part of the ProContract electronic tendering product and accessible online through the [Supplying the South West portal](#) and its Contract Store. Many other South West authorities use the portal too and similar regional versions exist nationally. Comprehensive information is published and the template provides for data including CPV (category) codes, basic description, EDDC and supplier contact information and the compulsory entering of start and end dates, as well as potential extension periods and review dates. The headings were as indicated by the Government in consultative notices at the time.
- 1.4 A considerable extra benefit, in addition to accessibility and transparency, is the facility that it now gives officers considering new procurements. Contracts held by other authorities are recorded and show whether or not they are open to others, thereby possibly avoiding expensive and time consuming tendering exercises. As a council we do seek to collaborate effectively and increasingly, and we understand the benefits of working with others to increase economies of scale while reducing duplication of processes.
- 1.4 The information gathering for the new contracts register was due to begin in early 2012 but due to long term unavoidable officer absence, the request for data did not go out until 18 June 2012, with a date of 31 August 2012 for returns from the services. By December I had not received all of the information requested and senior managers were reminded, with a return date of 31 January 2013. The Head of Finance has also issued reminders of the compulsory nature of the requirement.
- 1.5 The Corporate Procurement Officer has now received information from most of the services. Much of this has been entered onto the online register and can be viewed. As might be expected, there are queries, particularly concerning end dates, which have gone back to the services for their further clarification and follow up is ongoing.
- 1.6 Legal Services' Notification of Legal Completion now includes a reminder to the service officer that the Corporate Procurement Officer is to be formally notified of new contracts and can ensure that full details are entered on the Contracts Register. Similar wording is used in the recently re-issued Contract Standing Orders.

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### **Legal Implications**

There are no legal implications requiring comment.

### **Financial Implications**

There are no direct financial implications

### **Consultation on Reports to the Cabinet**

### **Background Papers**

Colin Slater  
Corporate Procurement Officer

Audit and Governance Committee  
14 March 2013





<b>Title</b>	<b>Category</b>	<b>Contract Start</b>	<b>Contract End</b>	<b>Est. Total Contract Value</b>
<a href="#">Refuse and recycling collection</a>	Sewage, refuse, cleaning and environmental services	01/04/2006	31/03/2016	40000000
<a href="#">Provision of water analysis for private water supplies</a>	Sewage, refuse, cleaning and environmental services	11/01/2011	03/01/2015	100000
<a href="#">Fire alarm and electrical maintenance, EDDC non-housing buildings</a>	Repair and maintenance services	01/04/2011	31/03/2014	45000
<a href="#">EDDC gas supplies</a>	Petroleum products, fuel, electricity and other sources of energy	01/04/2011	31/03/2013	130000
<a href="#">Electricity inspections, readings, maintenance</a>	Repair and maintenance services	01/06/2011	31/05/2016	150000
<a href="#">EDDC Office Relocation Project</a>	Architectural, construction, engineering and inspection services	01/09/2011	01/03/2013	67770
<a href="#">Gas servicing contract</a>	Repair and maintenance services	01/10/2011	31/10/2015	2000000
<a href="#">Water hygiene (Legionella) monitoring at non-housing buildings</a>	Sewage, refuse, cleaning and environmental services	01/06/2012	31/03/2015	33000
<a href="#">Boiler replacement</a>	Repair and maintenance services	01/06/2012	31/12/2014	116000
<a href="#">Preventative maintenance</a>	Repair and maintenance services	01/07/2012	30/06/2013	18852
<a href="#">Responsive repairs and work to void properties - East</a>	Repair and maintenance services	02/07/2012	30/06/2017	5000000
<a href="#">Responsive repairs and work to void properties - West</a>	Repair and maintenance services	02/07/2012	30/06/2017	5000000

<b>Title</b>	<b>Category</b>	<b>Contract Start</b>	<b>Contract End</b>	<b>Est. Total Contract Value</b>
<a href="#">Software support</a>	IT services: consulting, software development, Internet and support	01/08/2012	31/07/2013	3468.9
<a href="#">EDDC electricity supplies</a>	Petroleum products, fuel, electricity and other sources of energy	01/09/2012	30/09/2013	150000
<a href="#">Banking contract</a>	Financial and insurance services	01/10/2012	30/09/2013	40000
<a href="#">Building construction and maintenance consultancy service</a>	Real estate services	01/10/2012	31/03/2013	50000
<a href="#">Triangle public conveniences refurbishment</a>	Construction work	03/12/2012	31/01/2013	75000
<a href="#">EDDC insurance - material damage/Fidelity/CAR/HIP</a>	Financial and insurance services	20/12/2012	31/03/2016	859655
<a href="#">EDDC insurance - casualty/motor</a>	Financial and insurance services	20/12/2012	31/03/2016	995290
<a href="#">EDDC insurance - MULR</a>	Financial and insurance services	20/12/2012	31/03/2016	3185
<a href="#">EDDC insurance - Personal Accident/Travel</a>	Financial and insurance services	20/12/2012	31/03/2016	16865
<a href="#">EDDC insurance - engineering/computer</a>	Financial and insurance services	20/12/2012	31/03/2016	41491
<a href="#">Insurance claims handling</a>	Financial and insurance services	20/12/2012	31/03/2016	7205
<a href="#">EDDC insurance - broker</a>	Financial and insurance services	20/12/2012	31/03/2016	11150
<a href="#">Manor Pavilion Theatre &amp; Arts Centre boiler replacement</a>	Repair and maintenance services	14/01/2013	28/02/2013	75000

## Agenda Item: 12

**Audit**

**14 March 2013**

**AGH**



### **Shingle/beach management – Port Royal/Fisherman’s area, Sidmouth**

#### **Summary**

Managing the shingle and sediment levels at all EDDC owned beaches is a yearly ongoing task, with beaches needing recharging or re-grading so our residents and visitors can enjoy a variety of activities. Every year we have to level beaches at Seaton so beach huts can be erected, clear sand from the dunes and road in Exmouth so people can continue to safely access the seafront, clear shingle from Jacob’s ladder so people can use the beach area and access beach huts and re-profile the beach at Beer so fisherman can launch their vessels.

Following the November 2012 floods and storms the beach at Port Royal Sidmouth, known as the Fisherman’s area, was devoid of shingle due to storm and tidal action. In December 2012 the Environment Agency were clearing river gravel from the weir on the Sid. They offered EDDC the gravel, around 200 tonnes, free of charge. We decided to use it to re-charge the Fisherman’s area beach, planning to later move some of the shingle in front of Pennington Point to help protect the cliff.

On the 6 & 7 of December 2012 we worked with a local contractor as the EA tipped lorries of gravel at the Fisherman’s area, levelling it out and re-charging the beach. Over the following weekend a large storm cleared all the gravel from the beach.

#### **Recommendation**

- 1. To note that the additional cost to East Devon of moving shingle onto the Fisherman’s area was only £653.75 + VAT.**
- 2. To note that sediment and shingle management is an ongoing process which officers manage every year, balancing risk and cost to provide safe beach amenities for our residents and visitors.**

#### **a) Reasons for Recommendation**

So Members appreciate that shingle/sediment management is a normal ongoing activity with inherent risks.

#### **b) Alternative Options**

Undertake no beach management and allow beaches to move naturally.

### **c) Risk Considerations**

The risk of doing nothing is that the shingle and sand build up on our beaches blocking amenity access and making it impossible to safely access the beach or have beach huts, boats on beaches and other key features.

The risk of managing shingle and sediment levels and profiles is that as soon as you have undertaken works, storms or weather may return the beach to its natural state.

### **d) Policy and Budgetary Considerations**

Beach shingle/sediment management is included within revenue budgets; however the amount has been reduced substantially since 2010. In a 'quiet' season the budget is sufficient, but in years such as 2012 the budget is likely to be overspent, or at a point we stop managing shingle and sediment levels and allow nature to take its course.

### **e) Date for Review of Decision**

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## **1 Managing shingle & sediment**

- 1.1 On an ongoing basis we manage the beach sediment and shingle levels, as the activities and amenities we enjoy at our beach sand provide for visitors require beach profiles to be managed and not natural.
- 1.2 Every time we do this work it is a calculated risk. We monitor the weather and likely storm patterns to minimise this risk, but when working with nature you can never entirely control the risk. Some years we have done our beach management/levelling once at the start of the season (before Easter) and this has lasted the whole year, other times a few weeks after we have spent money managing the shingle levels, the beach has returned to it's unmanaged state and we must do the works again. This is normal and an ongoing process because we don't want our beaches to profile naturally. Natural profiles would be too steep for boats to launch, unsuitable for erecting beach huts on and shingle and sediment would cover paths and roadways making access difficult or impossible. We manage the beaches to provide a useable amenity that our residents and visitors a like enjoy.
- 1.3 Our Council priorities include Living in and Enjoying and Outstanding Place. Managing beach sediment and shingle levels helps meet these priorities.

## **2 Shingle movement at Port Royal/Fisherman's area beach**

- 2.1 During the 2012 November storms the shingle at the Fisherman's area adjacent to Port Royal and in front of Pennington Point was removed by tidal action, right down to the bed rock. We decided that we needed to take action to re-charge the beach to protect the area and allow fishermen access to the sea. We would usually plan to do this work in March after the spring storms; however the Environment Agency were clearing the river Sid of all the river gravel and shingle which had washed down during the floods and was clogging the area below the weir at Salcombe Hill Road.
- 2.2 The Environment Agency advised us that they were clearing the gravel on Tuesday 4 December and that they had made arrangements for the gravel to be disposed of, or taken to local farmers. Following discussion with local Members the EA offered the gravel to EDDC free of charge.

- 2.3 We decided that we would deposit this gravel at the Fisherman's area and also make arrangements to transfer some of this gravel in front of Pennington Point to help protect the cliff at this point. We would not be able to transfer the gravel to Pennington until the New Year due to the availability of the long reach digger required.
- 2.4 The EA ran a fleet of Lorries to the Fishermans area at no cost to EDDC and tipped the gravel/shingle onto the beach at this point.
- 2.5 We were able to mobilise two of our operations staff on Thursday 6 and Friday 7 December to close the road off from the Lifeboat Station eastwards towards the Ham and to act as Banksman when the EA lorries were tipping onto the beach. Operations staff time is already paid for in Streetscene's revenue budgets, so this incurred no additional costs.
- 2.6 Due to the volume of gravel/shingle being tipped in one location we also had to get some plant to move the shingle around on site. Our own tractor was unsuitable for this work so we hired a local contractor with a JCB at a cost of £653.75 + VAT. The contractor used a small tracked digger on the afternoon of Thursday 6 and all day on Friday 7 December to spread the gravel evenly over the Fisherman's area.
- 2.7 Unfortunately over the course of the following weekend the gravel and shingle we had deposited was removed by tidal action.
- 2.8 We felt we had to take up the offer from the EA at a relatively small cost to EDDC in an attempt to re-charge the Fisherman's area. Usually we would carry out this work when the risk of storms was lower, however we had to either take the gravel from the EA as they were removing it or pass up the offer.

### **3 Beach Sediment and Shingle management 2013**

- 3.1 Shortly we will begin our shingle management for 2013 across all EDDC beaches. We currently have a large amount of shingle on the beach hut platform at Jacob's ladder, which needs to be removed before Easter so people are able to safely access the beach and beach huts. We also need to remove this shingle to make repairs to the seafront railings. We are planning to transfer this excess shingle to the Fisherman's area in an attempt to re-charge the beach. Once again we face the risk that this shingle will be washed away, ideally we would do this work later in the season, but to enable us to repair seafront railings before Easter we must move the shingle earlier than we would like.
- 3.2 Last year we cleared shingle from this area 4 times, and eventually stopped trying to fight natural forces and let the area become covered in shingle. The year before we only cleared the shingle once at the start of the year.
- 3.3 We will also face the same risks at Seaton where we will have to level East Beach to allow the beach huts to go up for Easter. Last year we levelled this beach 3 times, the year before only once.
- 3.3 We undertake beach sand and sediment management every year on an ongoing basis, and way up the risks every time. This is a normal part of our work. At times money is spent on moving sediment, and over the preceding weeks our work is

undone, other times it lasts more than a year. This is the risk one faces when trying to manage a beach rather than allowing it to do what it naturally wants. If you want East Devon beaches to continue to provide the fantastic amenities they do for our residents and visitors this is a risk you must accept, and trust that we will manage it the best way we can.

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### **Legal Implications**

As a coast protection authority the council has the power, but not the duty, to protect land from coastal erosion under the Coast Protection Act 1949. A coast protection authority and/or the Environment Agency may carry out coast protection work if the authority thinks the work desirable having regard to the national flood and coastal erosion risk management strategies under the Flood and Water Management Act 2010. The council and the Environment Agency are also coastal erosion risk management authorities which also gives power to carry out coast protection work.

### **Financial Implications**

The financial details are contained within the report.

### **Consultation on Reports to the Cabinet**

### **Background Papers**

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Andrew Hancock 1611  
Streetscene Manager

Audit & Governance Committee  
14 March 2013

## Agenda Item: 13

**Audit and Corporate Governance Committee**

**14 March 2013**



### **Audit and Corporate Governance Committee**

#### **Forward Plan 2013/14**

<b>Date of Committee</b>	<b>Report</b>	<b>Lead Officer</b>
27 June 2013	<ul style="list-style-type: none"><li>• Review of Internal Audit Charter</li><li>• Internal Audit Activity – Quarter 1 2013/14</li><li>• Risk Management Review</li><li>• Revenue and Capital Outturn Report 2012/13</li><li>• Annual Audit Report and Opinion</li><li>• 5 Year Land Supply</li></ul>	SWAP SWAP Head of Finance Head of Finance  SWAP Planning Policy Manager
26 September 2013	<ul style="list-style-type: none"><li>• Internal Audit Activity – Quarter 2 2013/14</li><li>• Statement of Accounts</li><li>• Report to those charged with Governance</li></ul>	SWAP Head of Finance Grant Thornton
7 November 2013	<ul style="list-style-type: none"><li>• Internal Audit Activity – Quarter 3 2013/14</li></ul>	SWAP
16 January 2014	<ul style="list-style-type: none"><li>• Annual Audit Letter</li><li>• Certification Report</li></ul>	Grant Thornton Grant Thornton
13 March 2014	<ul style="list-style-type: none"><li>• Annual Audit Plan 2014/15</li></ul>	SWAP