

Agenda for Audit and Governance Committee

Thursday 3 March 2016, 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 23 February 2016



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- 1 [Public speaking](#)
- 2 Minutes for 7 January 2016 (pages 3-5)
- 3 Apologies
- 4 [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 **External Audit Plan** – KPMG (pages 6-19)
- 8 **Audit Committee update** - KPMG (pages 20-44)
- 9 **Accounting Policy update** – Financial Services Manager (pages 45-46)
- 10 **Annual Audit Plan 2016/17** – SWAP (pages 47-51)
- 11 **Whistleblowing Policy Review** - Strategic Lead Legal, Licensing, Democratic Services & Monitoring Officer (pages 52-64)
Appendix A – Whistleblowing Policy
- 12 **Audit and Governance Forward Plan** – Strategic Lead Finance (page 65)

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an oral commentary during the meeting. The Chairman has the power to control public recording and/or reporting so it does not disrupt the meeting.

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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 7 January 2016

Attendance list at end of document

The meeting started at 2.30pm and ended at 3.23pm.

***33 Chairman's welcome**

The Chairman welcomed everyone to the meeting.

***34 Public Speaking**

There was no public speaking.

***35 Minutes**

The minutes of the Audit and Governance Committee meeting held on 19 November 2015 were confirmed and signed as a true record.

***36 Declarations**

None

***37 Internal Audit Plan – Review of 2015/16 Quarter 3 – SWAP**

Jo George from SWAP presented the Internal Audit Plan. The Audit and Governance Committee agreed the 2015/16 Internal Audit Plan at its June 2015 meeting. This report updated the position at the end of Quarter 3. There were no High Priority Findings identified from the work completed so far in Quarter 3.

Audit Area updates were:

- Home Safeguard – at draft stage with no significant findings, one area highlighted was that the Safeguarding Children and Vulnerable Adults policies were out of date.
- S106 Planning Obligations – audit been delayed while waiting for the adoption of the Local Plan and Community Infrastructure Levy CIL, will delay this audit until April 2016.
- Enforcement Agent follow up – now started with the report coming to the March committee meeting.
- Debt Management – audit would be started shortly with the report coming to the March committee meeting.
- Building Control Fees – finalised, awarded with reasonable assurance. One main finding was there was no evidence to demonstrate current fee charges.
- Leisure East Devon - finalised with reasonable assurance. It was identified that some literature being handed out was not up to date; such as the complaints procedure as well as not having reference to safeguarding regulations on information to hire out facilities. LED had agreed to update these documents.
- Treasury Management - finalised, awarded with substantial assurance.
- Protective Marking – at draft stage.
- Mobile Support officers (Wardens) – would be finalised next week, awarded with reasonable assurance.

Discussions included:

- The Strategic Lead, Finance to arrange for Member training for audit reports.
- That LED provided documentary evidence of updated literature.

The Chairman on behalf of the committee thanked Jo for her report.

RESOLVED:

that the Internal Audit Plan be noted

***38 Certification Report - Grant Thornton**

Barrie Morris, Director, Grant Thornton explained the external auditors were required to certify certain claims and returns submitted by the Council. This certification typically took place six to nine months after the claim period and represented a final but important part of the process to confirm the Council's entitlement to funding. One claim for the financial year 2014/15 had been certified; the Council's Housing Benefits return, which covered expenditure of £31.6 million. Barrie stated that EDDC had done very well with the production of the Housing Benefits claim form.

There were no significant issues arising from the certification work. Grant Thornton was satisfied that the Council had appropriate arrangements to compile the return for audit certification.

The indicative fee for 2014/15 for the Council was based on the final 2012/13 certification fees. Fees for schemes no longer requiring certification under the Audit Commission regime (such as the national non-domestic rates return and pooling housing capital receipts return) had been removed. Where the Council required certification of other claims, such as pooling of housing capital receipts, these were undertaken as a separate engagement. The indicative scale fee set by the Audit Commission for the Council for 2014/15 was £10,810.

The Chairman on behalf of the committee thanked Simon Davey and officers concerned with the publication of the Housing Benefits claim form

Barrie highlighted the publication 'Reforging local government' published by Grant Thornton. Grant Thornton had also been working with the Chartered Institute of Public Finance and Accountancy to produce a software package. The software allowed for all councils across England, Wales and Scotland to gather each other's financial performances and compare this with socio-economic data and services outcomes.

The Chairman on behalf of the committee thanked Barrie for his last important report to EDDC, and for all his contributions to the audit work at EDDC over the past few years as the external auditor.

RESOLVED:

that the certification work be noted

***39 Audit and Governance Forward Plan**

Members noted the contents of the Committee Forward Plan for 2015/16.

Items to be considered at the March Committee included:

- Annual Audit Plan 2016/17
- External Audit Plan
- Audit Committee update
- Accounting Policy Update

RESOLVED:

that the Forward Plan be noted.

Attendance list

Present:

Councillors

Mark Williamson (Chairman)

Dean Barrow (Vice Chairman)

Steve Gazzard

Steve Hall

Ben Ingham

Bill Nash

Paul Diviani, Leader

Apologies:

Ian Thomas, Portfolio Holder Finance

Darren Gilbert, Director, KPMG

Tara Westcott, Senior Manager, KPMG

Officers:

Simon Davey, Strategic Lead – Finance

Barrie Morris, Director, Grant Thornton

Jo George, Assistant Director, SWAP

Amanda Coombes, Democratic Services Officer

Chairman Date.....



External Audit Plan 2015/2016

East Devon District Council

February 2016

Financial Statement Audit



There are no significant changes to the Code of Practice on Local Authority Accounting in 2015/16, which provides stability in terms of the accounting standards the Authority needs to comply with.

Materiality

Materiality for planning purposes has been based on last year's expenditure and set at £1.2 million.

We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance and this has been set at £0.06 million.

Significant risks

Those risks requiring specific audit attention and procedures to address the likelihood of a material financial statement error have been identified as:

- Valuation of Property, Plant & Equipment – As revaluations occur up to every five years, the time delay could result in a material difference between the carrying value and fair value.
- Management override of controls – This risk is present in all entities as management is in a unique position to manipulate accounting records. The audit approach will test the appropriateness of journal entries recorded in the general ledger, review the appropriateness of accounting estimates, and assess the reasonableness of provisions.

Other areas of audit focus

Those risks with less likelihood of giving rise to a material error but which are nevertheless worthy of audit understanding have been identified as:

- Accounting for Strata – The Authority has been in consultation with its lawyers on whether it can transfer the accrued pension liabilities within Strata to the councils.

See pages 3 to 4 for more details.

Value for Money Arrangements work



The National Audit Office has issued new guidance for the VFM audit which applies from the 2015/16 audit year. The approach is broadly similar in concept to the previous VFM audit regime, but there are some notable changes:

- There is a new overall criterion on which the auditor's VFM conclusion is based; and
- This overall criterion is supported by three new sub-criteria.

Our risk assessment is ongoing and we will report VFM significant risks during our audit

See pages 6 to 8 for more details.

Logistics



Our team is:

- Darren Gilbert – Director
- Tara Westcott – Senior Manager
- Laura Adams – Assistant manager

More details are on **page 11**.

Our work will be completed in four phases from November 2015 to September 2016 and our key deliverables are this Audit Plan and a Report to those charged with Governance as outlined on **page 10**.

Our fee for the audit is £50,821, see **page 9**.

Background and Statutory responsibilities

We are pleased to present you with our first audit plan and are looking forward to working with you in 2015/16 and beyond.

This document supplements our Audit Fee Letter 2015/16 presented to you in June 2015, which also sets out details of our appointment by Public Sector Audit Appointments Ltd (PSAA).

Our statutory responsibilities and powers are set out in the Local Audit and Accountability Act 2014 and the National Audit Office's Code of Audit Practice.

Our audit has two key objectives, requiring us to audit/review and report on your:

- *Financial statements (including the Annual Governance Statement):* Providing an opinion on your accounts; and
- *Use of resources:* Concluding on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the value for money conclusion).

The audit planning process and risk assessment is an on-going process and the assessment and fees in this plan will be kept under review and updated if necessary.

Acknowledgements

We would like to take this opportunity to thank officers and Members for their continuing help and co-operation throughout our audit work.

Financial Statements Audit

Our financial statements audit work follows a four stage audit process which is identified below. Appendix 1 provides more detail on the activities that this includes. This report concentrates on the Financial Statements Audit Planning stage of the Financial Statements Audit.



Value for Money Arrangements Work

Our Value for Money (VFM) Arrangements Work follows a five stage process which is identified below. Page 6 provides more detail on the activities that this includes. This report concentrates on explaining the VFM approach for the 2015/16 and the findings of our VFM risk assessment.



Financial Statements Audit Planning

Our planning work takes place during January to March 2016. This involves the following key aspects:

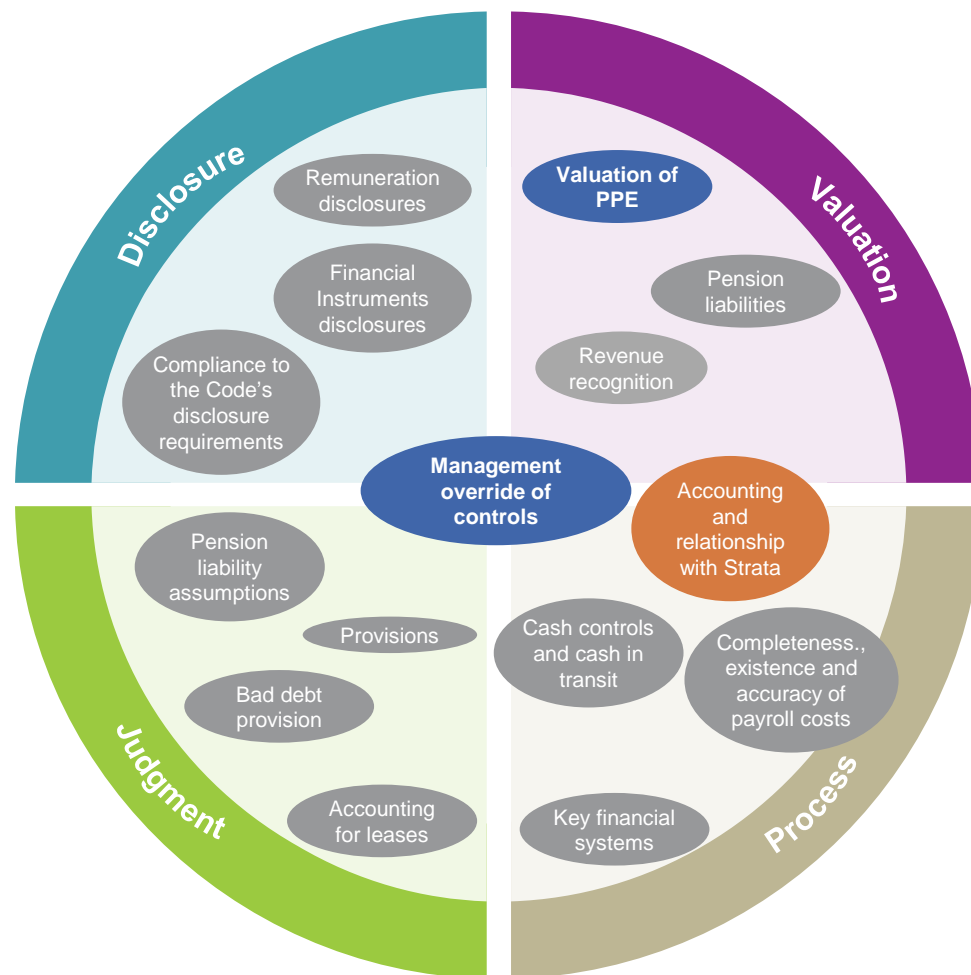
- Risk assessment;
- Determining our materiality level; and
- Issuing this audit plan to communicate our audit strategy.

Risk assessment

Professional standards require us to consider two standard risks for all organisations. We are not elaborating on these standard risks in this plan but consider them as a matter of course in our audit and will include any findings arising from our work in our ISA 260 Report.

- Management override of controls – Management is typically in a powerful position to perpetrate fraud owing to 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. In line with our methodology, we carry out appropriate controls testing and substantive procedures, including journal entries, accounting estimates and significant transactions that are outside the normal course of business, or are otherwise unusual.
- Fraudulent revenue recognition – We do not consider this to be a significant risk for local authorities as there are limited incentives and opportunities to manipulate the way income is recognised. We therefore rebut this risk and do not incorporate specific work into our audit plan in this area over and above our standard fraud procedures.

The diagram opposite identifies, significant risks and other areas of audit focus, which we expand on overleaf. The diagram also identifies a range of other areas considered by our audit approach.



Keys: ● Significant risk ● Other area of audit focus ● Example other areas considered by our approach



Significant Audit Risk

Those risks requiring specific audit attention and procedures to address the likelihood of a material financial statement error.

Valuation of Property, Plant & Equipment (PPE)

■ Risk

Authorities are responsible for ensuring the valuation of their PPE is materially correct, and for conducting impairment reviews that confirm the condition of these assets. Local authorities typically achieve this by performing an annual review for impairment, a periodic desk top valuation (every three years) and a full valuation in not more than five yearly intervals. The asset valuation and impairment review processes are both estimates and therefore present a higher level of risk to the audit.

The net book value of the Authority's PPE as at 31 March 2015 was £284 million of this balance £261 million relates to land and buildings. These balances were estimated by your internal District Valuer. The last full valuation of the Authority's dwelling took place on 31 March 2011 and a full valuation will be performed at 31 March 2016. All other assets included within PPE were valued at 31 March 2014 and a desk top review exercise will be completed by your internal valuer for the year ending 31 March 2016.

As revaluations occur up to every five years, the time delay could result in a material difference between the carrying value and fair value.

■ Approach

We will review the terms of engagement with the valuer to ensure compliance with the Authority's accounting policies.

We will obtain the instructions provided to the valuer. We will consider the source of the information and undertake appropriate testing to ensure both its completeness and accuracy.

We will confirm the appropriateness of any amendments made by management to the information received from the valuer before being incorporated into the financial statements.

We will undertake appropriate work to understand the basis upon which any impairments to land and buildings have been calculated. We will test the associated assumptions and determine if there have been any significant variances in fair value between valuations.

Other areas of audit focus

Those risks with less likelihood of giving rise to a material error but which are nevertheless worthy of audit understanding.

Strata Service Solutions Limited (Strata)

■ Issue

The Authority holds an equal shareholding in Strata with two other local authorities. When Strata began trading, staff transferred over from the three local authorities under TUPE arrangements. Strata took over the full pensions liabilities relating to these staff, which in some cases had been built up over decades of authority service.

The Authority treated this transaction as a joint operation within its 2014/15 financial statements. However, when the Authority consolidated the figures for Strata it did not account for the built up pension liabilities that had accrued which amounted to £1.136m. Your previous external auditors highlighted this to you in their ISA 260 report for 2014/15.

This year we understand from management that the figures involved for the accrued pension liabilities will be material to your financial statements. The Authority has been consulting with its lawyers and drafted a 'Deed of Guarantee' which make it clearer that Strata has no past service liability for the pension deficit and it will be covered by the three authorities but Strata has responsibility for any in year, amounts going forward.

■ Approach

We will perform the following:

- Review the accounting treatment of Strata to ensure it should be accounted for as a joint operation;
- Review the Deed of Guarantee and assess whether this is sufficient evidence that the strata pension deficit can be booked into the authorities 2015/16 accounts; and
- Review the accounting of the pension liability to ensure that it is appropriate; and
- Review the appropriateness of the accounting policy and disclosure notes within the accounts.

Materiality

We are required to plan our audit to determine with reasonable confidence whether or not the financial statements are free from material misstatement. An omission or misstatement is regarded as material if it would reasonably influence the user of financial statements. This therefore involves an assessment of the qualitative and quantitative nature of omissions and misstatements.

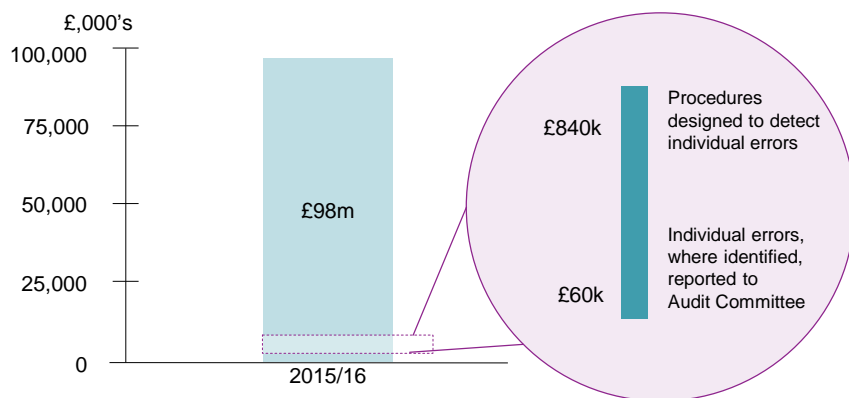
Generally, we would not consider differences in opinion in respect of areas of judgement to represent 'misstatements' unless the application of that judgement results in a financial amount falling outside of a range which we consider to be acceptable.

Materiality for planning purposes has been set at £1.2 million, which equates to 1.2% percent of gross expenditure.

We design our procedures to detect errors in specific accounts at a lower level of precision.

Reporting to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.



Source: Based on your gross expenditure within your 2014/15 financial statements

Under ISA 260(UK&I) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK&I) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

In the context of the Authority, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £0.06 million.

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.

Background to approach to VFM work

The Local Audit and Accountability Act 2014 requires auditors of local government bodies to be satisfied that the authority 'has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources'.

This is supported by the Code of Audit Practice, published by the NAO in April 2015, which requires auditors to 'take into account their knowledge of the relevant local sector as a whole, and the audited body specifically, to identify any risks that, in the auditor's judgement, have the potential to cause the auditor to reach an inappropriate conclusion on the audited body's arrangements.'

The VFM approach is fundamentally unchanged from that adopted in 2014/2015 and the process is shown in the diagram below. However, the previous two specified reporting criteria (financial resilience and economy, efficiency and effectiveness) have been replaced with a single criteria supported by three sub-criteria. These sub-criteria provide a focus to our VFM work at the Authority. The diagram to the right shows the details of this criteria.

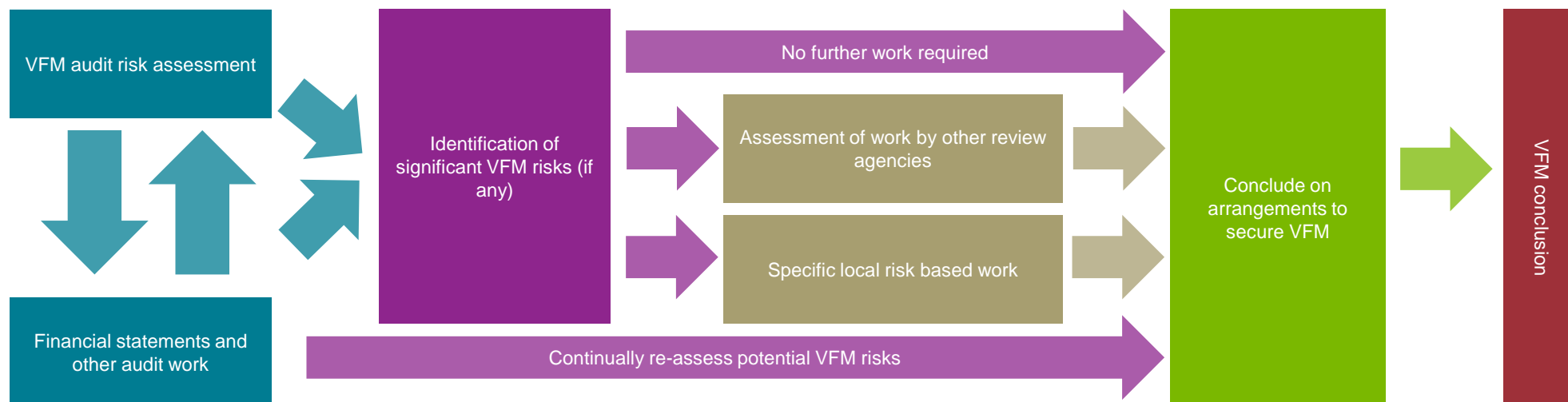
Overall criterion

In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

Informed
decision
making

Sustainable
resource
deployment

Working
with
partners
and third
parties



VFM audit stage	Audit approach
VFM audit risk assessment	<p>We consider the relevance and significance of the potential business risks faced by all local authorities, and other risks that apply specifically to the Authority. These are the significant operational and financial risks in achieving statutory functions and objectives, which are relevant to auditors' responsibilities under the <i>Code of Audit Practice</i>.</p> <p>In doing so we consider:</p> <ul style="list-style-type: none"> ■ The Authority's own assessment of the risks it faces, and its arrangements to manage and address its risks; ■ Information from the Public Sector Auditor Appointments Limited VFM profile tool; ■ Evidence gained from previous audit work, including the response to that work; and ■ The work of other inspectorates and review agencies.
Linkages with financial statements and other audit work	<p>There is a degree of overlap between the work we do as part of the VFM audit and our financial statements audit. For example, our financial statements audit includes an assessment and testing of the Authority's organisational control environment, including the Authority's financial management and governance arrangements, many aspects of which are relevant to our VFM audit responsibilities.</p> <p>We have always sought to avoid duplication of audit effort by integrating our financial statements and VFM work, and this will continue. We will therefore draw upon relevant aspects of our financial statements audit work to inform the VFM audit.</p>
Identification of significant risks	<p>The Code identifies a matter as significant 'if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public. Significance has both qualitative and quantitative aspects.'</p> <p>If we identify significant VFM risks, then we will highlight the risk to the Authority and consider the most appropriate audit response in each case, including:</p> <ul style="list-style-type: none"> ■ Considering the results of work by the Authority, inspectorates and other review agencies; and ■ Carrying out local risk-based work to form a view on the adequacy of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources.

VFM audit stage	Audit approach
<p>Assessment of work by other review agencies</p> <p>and</p> <p>Delivery of local risk based work</p>	<p>Depending on the nature of the significant VFM risk identified, we may be able to draw on the work of other inspectorates, review agencies and other relevant bodies to provide us with the necessary evidence to reach our conclusion on the risk.</p> <p>If such evidence is not available, we will instead need to consider what additional work we will be required to undertake to satisfy ourselves that we have reasonable evidence to support the conclusion that we will draw. Such work may include:</p> <ul style="list-style-type: none"> ■ Meeting with senior managers across the Authority; ■ Review of minutes and internal reports; ■ Examination of financial models for reasonableness, using our own experience and benchmarking data from within and without the sector.
<p>Concluding on VFM arrangements</p>	<p>At the conclusion of the VFM audit we will consider the results of the work undertaken and assess the assurance obtained against each of the VFM themes regarding the adequacy of the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources.</p> <p>If any issues are identified that may be significant to this assessment, and in particular if there are issues that indicate we may need to consider qualifying our VFM conclusion, we will discuss these with management as soon as possible. Such issues will also be considered more widely as part of KPMG's quality control processes, to help ensure the consistency of auditors' decisions.</p>
<p>Reporting</p>	<p>We will report on the results of the VFM audit through our ISA 260 Report. This will summarise any specific matters arising, and the basis for our overall conclusion.</p> <p>The key output from the work will be the VFM conclusion (i.e. our opinion on the Authority's arrangements for securing VFM), which forms part of our audit report.</p>

Whole of government accounts (WGA)

We are required to review your WGA consolidation and undertake the work specified under the approach that is agreed with HM Treasury and the National Audit Office. Deadlines for production of the pack and the specified approach for 2015/16 have not yet been confirmed.

Elector challenge

The Local Audit and Accountability Act 2014 gives electors certain rights. These are:

- The right to inspect the accounts;
- The right to ask the auditor questions about the accounts; and
- The right to object to the accounts.

As a result of these rights, in particular the right to object to the accounts, we may need to undertake additional work to form our decision on the elector's objection. The additional work could range from a small piece of work where we interview an officer and review evidence to form our decision, to a more detailed piece of work, where we have to interview a range of officers, review significant amounts of evidence and seek legal representations on the issues raised.

The costs incurred in responding to specific questions or objections raised by electors is not part of the fee. This work will be charged in accordance with the PSAA's fee scales.

Our audit team

Our audit team will be led by Darren Gilbert, a Director within KPMGs Audit Public Sector department. Appendix 2 provides more details on specific roles and contact details of the team.

Reporting and communication

Reporting is a key part of the audit process, not only in communicating the audit findings for the year, but also in ensuring the audit team are accountable to you in addressing the issues identified as part of the audit strategy. Throughout the year we will communicate with you through meetings with the finance team and the Audit Committee. Our communication outputs are included in Appendix 1.

Independence and Objectivity

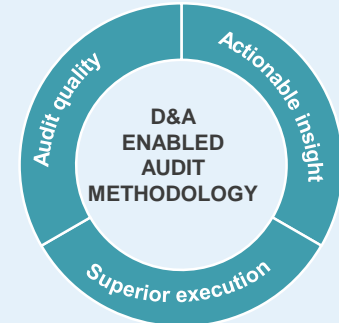
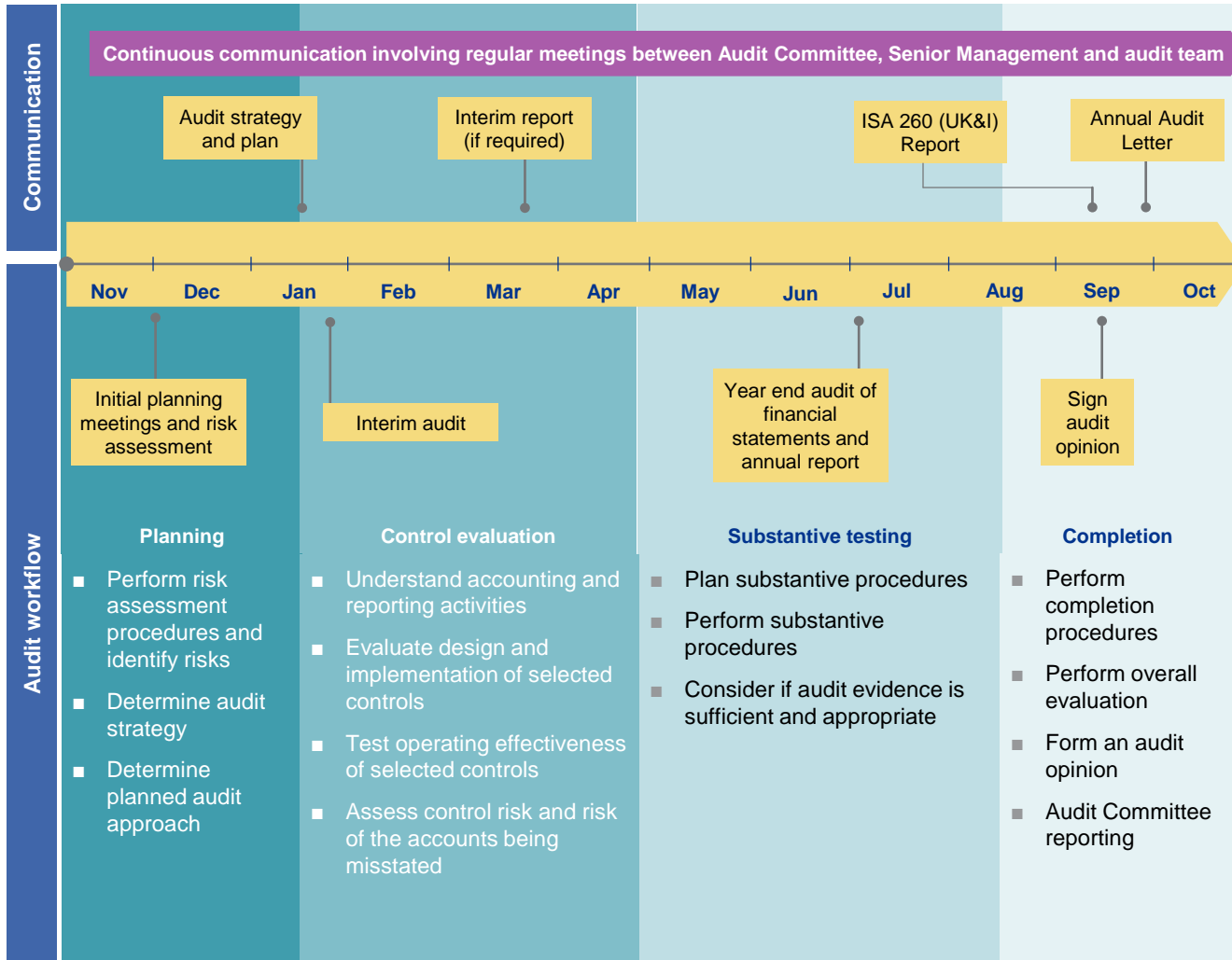
Auditors are also required to be independent and objective. Appendix 3 provides more details of our confirmation of independence and objectivity.

Audit fee

Our Audit Fee Letter 2015/2016 presented to you in June 2015 first set out our fees for the 2015/2016 audit. This letter also sets out our assumptions. We have not considered it necessary to make any changes to the agreed fees at this stage.

The planned audit fee for 2015/16 is £50,821. This is a reduction of 25% compared to the audit fee for 2014/2015 (£67,761).

Our audit fee includes our work on the VFM conclusion and our audit of the Authority's financial statements.



Driving more value from the audit through data and analytics

Technology is embedded throughout our audit approach to deliver a high quality audit opinion. Use of Data and Analytics (D&A) to analyse large populations of transactions in order to identify key areas for our audit focus is just one element. We strive to deliver new quality insight into your operations that enhances our and your preparedness and improves your collective 'business intelligence.' Data and Analytics allows us to:

- Obtain greater understanding of your processes, to automatically extract control configurations and to obtain higher levels assurance.
- Focus manual procedures on key areas of risk and on transactional exceptions.
- Identify data patterns and the root cause of issues to increase forward-looking insight.

We anticipate using data and analytics in our work around key areas such as accounts payable and journals. We also expect to provide insights from our analysis of these tranches of data in our reporting to add further value from our audit.

Your audit team has been drawn from our specialist public sector assurance department.



Name	Darren Gilbert
Position	Director
	<p>'My role is to lead our team and ensure the delivery of a high quality, valued added external audit opinion.</p> <p>I will be the main point of contact for the Audit Committee and Chief Executive of the Council.'</p>

Darren Gilbert

Director

+44 2920 468205

darren.gilbert@kpmg.co.uk



Name	Tara Westcott
Position	Senior Manager
	<p>'I provide quality assurance for the audit work and specifically any technical accounting and risk areas.</p> <p>I will work closely with Darren to ensure we add value.</p> <p>I will liaise with the Strategic Lead Finance, Financial Services Manager Lead and other Executive Directors.'</p>

Tara Westcott

Senior Manager

+44 1179 054358

tara.westcott@kpmg.co.uk



Name	Laura Adams
Position	Assistant Manager
	<p>'I will be responsible for the on-site delivery of our work and will supervise the work of our audit assistants.'</p>

Laura Adams

Assistant Manager

+44 1752 632157

laura.adams@kpmg.co.uk

Independence and objectivity

Professional standards require auditors to communicate to those charged with governance, at least annually, all relationships that may bear on the firm's independence and the objectivity of the audit engagement partner and audit staff. The standards also place requirements on auditors in relation to integrity, objectivity and independence.

The standards define 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In your case this is the Audit Committee.

KPMG LLP is committed to being and being seen to be independent. APB Ethical Standard 1 Integrity, Objectivity and Independence requires us to communicate to you in writing all significant facts and matters, including those related to the provision of non-audit services and the safeguards put in place, in our professional judgement, may reasonably be thought to bear on KPMG LLP's independence and the objectivity of the Engagement Lead and the audit team.

Further to this auditors are required by the National Audit Office's Code of Audit Practice to:

- Carry out their work with integrity, independence and objectivity;
- Be transparent and report publicly as required;
- Be professional and proportional in conducting work;
- Be mindful of the activities of inspectorates to prevent duplication;
- Take a constructive and positive approach to their work;
- Comply with data statutory and other relevant requirements relating to the security, transfer, holding, disclosure and disposal of information.

PSAA's Terms of Appointment includes several references to arrangements designed to support and reinforce the requirements relating to independence, which auditors must comply with. These are as follows:

- Auditors and senior members of their staff who are directly involved in the management, supervision or delivery of PSAA audit work should not take part in political activity.

- No member or employee of the firm should accept or hold an appointment as a member of an audited body whose auditor is, or is proposed to be, from the same firm. In addition, no member or employee of the firm should accept or hold such appointments at related bodies, such as those linked to the audited body through a strategic partnership.
- Audit staff are expected not to accept appointments as Governors at certain types of schools within the local authority.
- Auditors and their staff should not be employed in any capacity (whether paid or unpaid) by an audited body or other organisation providing services to an audited body whilst being employed by the firm.
- Auditors appointed by the PSAA should not accept engagements which involve commenting on the performance of other PSAA auditors on PSAA work without first consulting PSAA.
- Auditors are expected to comply with the Terms of Appointment policy for the Engagement Lead to be changed on a periodic basis.
- Audit suppliers are required to obtain the PSAA's written approval prior to changing any Engagement Lead in respect of each audited body.
- Certain other staff changes or appointments require positive action to be taken by Firms as set out in the Terms of Appointment.

Confirmation statement

We confirm that as of 9th February 2016 in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the Engagement Lead and audit team is not impaired.



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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 [...], 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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External audit progress report and technical update

East Devon District Council
February 2016

External audit progress report and technical update – February 2016

This report provides the audit committee with an overview on progress in delivering our responsibilities as your external auditors.

The report also highlights the main technical issues which are currently having an impact in local government.

If you require any additional information regarding the issues included within this report, please contact a member of the audit team.

We have flagged the articles that we believe will have an impact at the Authority and given our perspective on the issue:

- High impact
- Medium impact
- Low impact
- For info

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Progress report

This document provides the audit committee with a high level overview on progress in delivering our responsibilities as your external auditors.

At the end of each stage of the audit we issue certain deliverables, including reports and opinions. A summary of progress against these deliverable is provided in Appendix 1 of this report.

Summary of work performed since last audit committee

Since the last meeting of the Audit Committee in November 2015 we have:

- Held our planning and risk assessment meeting with the Strategic Finance Lead and the finance team;
- We have liaised with SWAP and have started to review their work for our interim audit.
- Completed a detailed risk assessment which included reviewing your risk register, minutes of key meetings, discussion with key officers in order to finalised our Audit Plan for 2015/16;
- Completed our interim audit which includes understanding the Authority's control environment and performing testing on your key controls; and
- Issued our Prepared by Client (PBC) list to confirm the required documentation for the financial statements audit.

Summary of work to be performed for the next audit committee

Over the next quarter we plan to:

- Finalise our interim report; and
- Agree the timing of our certification work on your housing subsidy grant.

Actions arising from this report

We are asking the Committee to NOTE the progress outlined above.



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KPMG resources

Area	Comments
Governance arrangements work over the Better Care Fund.	<p>The £3.8 billion Better Care Fund (BCF) (formerly the Integration Transformation Fund) was announced by the Government in the June 2013 Spending Round, to ensure a transformation in integrated health and social care. The BCF is a single pooled budget to support health and social care services to work more closely together in local areas. The BCF not only brings together NHS and Local Government resources, but also provides a real opportunity to improve services and value for money, protecting and improving social care services by shifting resources from acute services into community and preventative settings.</p> <p>The governance arrangements for the BCF will therefore have to meet the requirements of all partners to achieve economy, efficiency and effectiveness in their use of resources. Each partner will also need to satisfy itself that the pooled budget complies with the requirements of its appropriate code of governance and annual governance reporting guidance.</p> <p>Each partner must also satisfy itself that all other regulatory requirements are met – for example, that discrete funding streams are only spent appropriately at a local level. Partners therefore need to make arrangements to ensure that that is happening. Additionally, there will be a requirement for an audit certificate on this expenditure and arrangements need to be in place to ensure appropriate records are kept to provide sufficient audit assurance.</p> <p>With this in mind, CCG governing bodies and Local Authority Executives are now considering whether governance arrangements and structures are fit for purpose and will ensure the effective management of the BCF and the pace of development and implementation.</p> <p>We are currently carrying out reviews of these governance arrangements and structures using the following Key Lines of Enquiry:</p> <ul style="list-style-type: none"> ■ Governance arrangements. ■ Engagement and communication. ■ Hosting arrangements. ■ Signed agreement. ■ Performance management. ■ Financial management. <p>For more information, please contact Darren Gilbert, 02920 468 205, Darren.Gilbert@KPMG.co.uk.</p>


Area	Comments
KPMG/Shelter report: Fix the housing shortage or see house prices quadruple in 20 years	<p>Without a radical programme of house building, average house prices in England could double in just ten years to £446,000 at current prices, according to research. In twenty years they could quadruple, with the average house price estimated to rise to over £900,000 at current prices by 2034 if current trends continue.</p> <p>The research from KPMG and Shelter also reveals that more than half of all 20-34 year olds could be living with their parents by 2040, as soaring housing costs caused by the shortage of affordable homes leave more and more people priced out of a home of their own.</p> <p>The warning comes in a landmark report from KPMG and Shelter outlining how the 2015 government can turn the tide on the nation's housing shortage within a single parliament. With recent government figures showing that homeownership in England has been falling for over a decade, the consequences of our housing shortage are already being felt.</p> <p>The report sets out a blueprint for the essential reforms that will increase the supply of affordable homes and stabilise England's rollercoaster housing market. It calls on politicians to commit to an integrated range of key measures, including:</p> <ul style="list-style-type: none"> ■ giving planning authorities the power to create 'New Homes Zones' that would drive forward the development of new homes. Combined with infrastructure, this would be led by local authorities, the private sector and local communities, and self-financed by sharing in the rising value of the land; ■ unlocking stalled sites to speed up development and stop land being left dormant, by charging council tax on the homes that should have been built after a reasonable period for construction has passed; ■ introducing a new National Housing Investment Bank to provide low cost, long term loans for housing providers, as part of a programme of innovative ways to finance affordable house building; ■ helping small builders to get back into the house building market by using government guarantees to improve access to finance; and ■ fully integrating new homes with local infrastructure and putting housing at the very centre of City Deals, to make sure towns and cities have the power to build the homes their communities need. <p>To read the report, visit www.kpmg.com/UK/en/IssuesAndInsights/ArticlesPublications/Pages/building-the-homes-we-need-programme-2015.aspx</p> <p>For more information, please contact Darren Gilbert, 02920 468 205, Darren.Gilbert@KPMG.co.uk.</p>


Area	Comments
Better Care Fund Support Programme	<p>The Better Care Fund Support Programme aims to help areas to overcome the barriers to the successful implementation of the Better Care Fund plans across England in 2015/16. KPMG is one of the partners that successfully bid to deliver the programme, on behalf of NHS England, alongside the Social Care Institute for Excellence ('SCIE'), PPL Consulting and the Berkeley Partnership.</p> <p>The focus has been on practical implementation support to deliver better care for the local population. Support has included:</p> <ul style="list-style-type: none"> ■ Conferences, webinars and regional clinics – to explore the barriers to change and develop local plans to overcome them; ■ The Better Care Exchange – an online interactive space for knowledge sharing and collaboration (currently in development); ■ Virtual clinics – telephone support for BCF leads to discuss individual site issues with integration experts; and ■ Coaching and support – to enable good practice and insight gathering from within the BCF programme to support Better Care Learning Partners. <p>A number of 'How to guides' have been developed on how to:</p> <ul style="list-style-type: none"> ■ lead and manage Better Care implementation: www.scie.org.uk/about/files/nhs-england-bcf-leadership-how-to-guide.pdf ■ bring budgets together and use them to develop coordinated care provision: www.scie.org.uk/about/files/nhs-england-bcf-budgets-how-to-guide.pdf ■ work together across health, care and beyond: www.scie.org.uk/about/files/how-to-work-together-across-health-care-and-beyond.pdf <p>The support programme also includes webinars. Further webinars are scheduled, but at present they cover the following topics:</p> <ul style="list-style-type: none"> ■ Joint working; ■ Section 75 Arrangements – Pooled and unpooled budgets; and ■ Data sharing: <p>More details on the programme, and a link to the webinar recordings, can be found on the SCIE website at www.scie.org.uk/about/partnerships-better-care.asp</p> <p>For more information, please contact Darren Gilbert, 02920 468 205, Darren.Gilbert@KPMG.co.uk.</p>


Area	Comments
Local Government Technical Update – February 2016	<p>We are pleased to confirm that we will once again be running a series of local government accounts workshops for key members of your finance team. The workshops are focussed at Chief Accountants and similar staff who will be involved in and responsible for the 2015/16 close down and statement of accounts.</p> <p>The workshops will be led by our regional local government audit teams supported by our national local government technical lead Greg McIntosh. The agenda will include:</p> <ul style="list-style-type: none"> ■ Review of 2014/15; ■ Key Issues and developments for 2015/16; ■ Longer term developments; and ■ Tax and Pensions specialists. <p>The events are due to take place as follows:</p> <ul style="list-style-type: none"> ■ Leeds – 4 February 2016 ■ Leicester – 5 February 2016 ■ Preston – 8 February 2016 ■ Birmingham – 12 February 2016 ■ London (Canary Wharf) – 22 February 2016 ■ Bristol – 24 February 2016 <p>For more information, please contact Darren Gilbert, 02920 468 205, Darren.Gilbert@KPMG.co.uk.</p>

Area	Comments
KPMG publication titled: Value of Audit – Perspectives for Government	<p>What does this report address?</p> <p>This report builds on the <i>Global Audit campaign – Value of Audit: Shaping the future of Corporate Reporting</i> – to look more closely at the issue of public trust in national governments and how the audit profession needs to adapt to rebuild this trust. Our objective is to articulate a clear opinion on the challenges and concepts critical to the value of audit in government today and in the future and how governments must respond in order to succeed.</p> <p>Through interviews with KPMG partners from nine countries (Australia, Canada, France, Germany, Japan, the Netherlands, South Africa, the UK and the US) as well as some of our senior government audit clients from Canada, the Netherlands and the US, we have identified a number of challenges and concepts that are critical to the value of audit in government today and in the future.</p> <p>What are the key issues?</p> <ul style="list-style-type: none"> ■ The lack of consistent accounting standards around the world and the impacts on the usefulness of government financial statements. ■ The importance of trust and independence of government across different markets. ■ How government audits can provide accountability thereby enhancing the government's controls and instigating decision-making. ■ The importance of technology integration and the issues that need to be addressed for successful implementation ■ The degree of reliance on government financial reports as a result of differing approaches to conducting government audits <p>The <i>Value of Audit: Perspectives for Government</i> report can be found on the KPMG website at https://home.kpmg.com/xx/en/home/insights.html</p> <p>The <i>Value of Audit: Shaping the Future of Corporate Reporting</i> can be found on the KPMG website at www.kpmg.com/sg/en/topics/value-of-audit/Pages/default.aspx</p>

Technical update

Area	Level of impact	Comments	KPMG perspective
New local audit framework	 Medium	<p>The Local Audit and Accountability Act 2014 included transitional arrangements covering the audit contracts originally let by the Audit Commission in 2012 and 2014. These contracts covered the audit of accounts up to 2016/17, and gave the Department for Communities and Local Government (DCLG) the power to extend these contracts to 2019/20.</p> <p>DCLG have now announced that the audit contracts for large local government bodies (including district, unitary and county councils, police and fire bodies, transport bodies, combined authorities and national parks) will be extended to include the audit of the 2017/18 financial statements. From 2018/19, local government bodies will need to appoint their own auditors; it is not yet clear whether there will be a sector-led body that is able to undertake this role on behalf of bodies.</p> <p>CIPFA have now issued guidance that was commissioned by DCLG on the creation of Auditor Panels. The guidance is available at www.cipfa.org/policy-and-guidance/publications/g/guide-to-auditor-panels-pdf. The guidance provides options on establishing an Auditor Panel, and the roles and responsibilities the panels will have once established.</p> <p>NHS and smaller local government bodies (town and parish councils, and internal drainage boards), will not have their contracts extended, and will have to appoint their own auditors for 2017/18, one year earlier than for larger local government bodies.</p>	<p><i>Members may wish to review the CIPFA guidance and begin initial discussions with colleagues about the approach the Authority may wish to adopt.</i></p>

Area	Level of impact	Comments	KPMG perspective
Reporting developments – Infrastructure assets	 Medium	<p>CIPFA/LASAAC, the group that produce the <i>Code of Practice for Local Authority Accounting</i>, have confirmed that transport infrastructure assets owned by local authorities will be required to be included in the accounts from 2016/17. This would require prior period adjustments for 2015/16, including the opening position at 1 April 2015.</p> <p>The changes require local authorities to recognise the value of all transport infrastructure assets using the depreciated replacement cost method, i.e. the cost required to replace the asset with a new replacement depreciated over the life of the existing asset. Transport infrastructure assets include:</p> <ul style="list-style-type: none"> ■ roads, bridges, roundabouts and traffic calming measures; ■ footways, footpaths and cycle tracks; ■ tunnels and underpasses; and ■ water supplies and drainage systems, as they support the assets identified above. <p>Even non-highway authorities will be affected to the extent that footways etc are material to their accounts. Railway assets are not currently included in the proposals, although it is possible that these may be included in subsequent periods.</p> <p>CIPFA have issued a <i>Code of Practice on Transport Infrastructure Assets</i> which contains the requirements to be included in the Local Authority Code. This is available to purchase from the CIPFA website.</p> <p>Local authorities should have developed a project plan to identify all of the relevant transport infrastructure they own and a timetable for valuing these. CIPFA expects authorities to have undertaken the 1 April 2015 valuations by 31 December 2015.</p> <p>The Whole of Government Accounts submission includes unaudited data on transport infrastructure assets. 2013/14 data indicates assets of over £400 billion will be accounted for on local authority balance sheets. However, only 93% of authorities provided this information, and of these less than 70% used actual inventory data to complete the return. This indicates that the sector faces a significant challenge in accurately identifying the assets it owns and will have to account for.</p>	<p><i>The Committee may wish to enquire of officers whether a project plan has been developed to address the requirements and review progress against this on a regular basis.</i></p>


Area	Level of Impact	Comments	KPMG perspective
The Local Government Association's 2015 Spending Review submission	 Medium	<p>In June 2015, the Local Government Association (LGA) set out proposals for the Government to consider as part of the Spending Review, aimed at streamlining public services, growth generating investment and social care and health – all while saving the public purse almost £2 billion a year by the end of the Parliament.</p> <p>The submission focusses on five core issues originally highlighted in <i>A Shared Commitment</i> (www.local.gov.uk/documents/10180/6869714/L15-252+Spending+Review_WEB_new.pdf/3101e509-1e22-4c26-91ac-8fd8a953aba5), published in early 2015. The LGA hopes that local government can work with central government to balance the nation's books while improving public services and the local economic environment by delivering new, transformed and high-quality local services while at the same time reducing costs to the public sector.</p> <p>The LGA believes the Spending Review should:</p> <ul style="list-style-type: none"> ■ enable wider integration of social care and health services to deliver savings and improve outcomes This requires the annual £700 million funding gap in social care services to be closed and a transformation fund worth £2 billion in each year of the Spending Review period be created to allow new ways of working to become commonplace. The Spending Review should also implement a single place-based budget for delivering all local services through a Local Public Services Fund as part of at least five devolution deals; ■ promote growth and productivity by accepting the case for further devolution of powers and funding that stretches beyond 25 November. The LGA is calling for devolution of, or local influence over, more than £60 billion of growth, skills and infrastructure funding over the Spending Review period, including: <ul style="list-style-type: none"> – the components for an ambitious and effective Local Growth Fund with agreed settlements in devolution deals that last until 2020/21 – a central-local partnership to deliver effective and targeted skills and employment initiatives – unlocking the ability of councils to contribute to the Government's target of 275,000 affordable homes built over the lifetime of the Parliament. ■ help councils adequately resource and deliver high quality public services by transforming the business rate mechanism and providing a four year local government finance settlement; and ■ help councils focus on driving efficiency and value for money through an assessment of the impact of unfunded cost burdens that core council budgets are going to face over the Spending Review period. 	<p><i>The Committee may wish to seek assurances that the impact for their Authority is understood.</i></p>


Area	Level of Impact	Comments	KPMG perspective
Accounts and Audit Regulations 2015 – Narrative statements	● Low	<p>Authorities will need to be aware that the <i>Accounts and Audit Regulations 2015</i> require local authorities to produce and publish a narrative statement. Section 8 of the Regulations, which apply first from the 2015/16 financial year, states:</p> <p><i>Narrative statements</i></p> <ol style="list-style-type: none"> 1) <i>A Category 1 authority must prepare a narrative statement in accordance with paragraph (2) in respect of each financial year.</i> 2) <i>A narrative statement prepared under paragraph (1) must include comment by the authority on its financial performance and economy, efficiency and effectiveness in its use of resources over the financial year.</i> <p>Authorities will need to publish the narrative statement along with the financial statements. The narrative statement does not form part of the financial statements and is therefore not subject to audit. As part of their audit work however, auditors will need to review the statement for consistency with their knowledge.</p> <p>The narrative statement replaces the explanatory foreword and will need to be prepared in accordance with CIPFA/LASAAC's <i>Code of Practice on Local Authority Accounting</i> (the accounting code). The 2016/17 accounting code will contain high level principles for authorities to follow when preparing their narrative statements. The principles set out in the accounting code will also be relevant to 2015/16 and we understand that CIPFA/LASAAC is likely to publish an update to the 2015/16 accounting code to clarify this.</p>	<i>The Committee may wish to seek assurances that their authorities have arrangements in place to meet the new requirements</i>


Area	Level of Impact	Comments	KPMG perspective
Accounts and Audit Regulations 2015 – Exercise of public rights	● Low	<p>Authorities will be aware that the Accounts and Audit Regulations 2015 (the Regulations) set out new arrangements for the exercise of public rights from 2015/16 onwards.</p> <p>Paragraph 9(1) of the Regulations requires the responsible financial officer to commence the period for the exercise of public rights and to notify the local auditor of the date on which that period was commenced.</p> <p>Paragraph 9(2) is clear that the final approval of the statement of accounts by the authority prior to publication cannot take place <i>until after the conclusion of the period for the exercise of public rights</i>.</p> <p>As the thirty working day period for the exercise of public rights must include the first ten working days of July, this means that authorities will not be able to approve their audited accounts or publish before 15 July 2016.</p>	<i>The Committee may wish to seek assurances that the necessary arrangements are in place for their Authority.</i>


Area	Level of Impact	Comments	KPMG perspective
Consultation on 2016/17 audit work programme and scales of fees	● Low	<p>Public Sector Audit Appointments Ltd (PSAA) has published its consultation on the 2016/17 proposed work programme and scales of fees.</p> <p>The consultation sets out the work that auditors will undertake at principal audited bodies for 2016/17, with the associated scales of fees. The consultation documents, and list of individual proposed scale fees, are available on the PSAA website at www.psaa.co.uk/audit-and-certification-fees/consultation-on-201617-proposed-fee-scales/</p> <p>There are no planned changes to the overall work programme for 2016/17. It is proposed that scale fees are set at the same level as the scale fees applicable for 2015/16, set by the Audit Commission before it closed in March 2015. The Commission reduced scale fees from 2015/16 by 25 per cent, in addition to the reduction of up to 40 per cent made from 2012/13.</p> <p>Following completion of the Audit Commission's 2014/15 accounts, PSAA has received a payment in respect of the Audit Commission's retained earnings.</p> <p>PSAA will redistribute this and any other surpluses from audit fees to audited bodies, on a timetable to be established shortly.</p> <p>The work that auditors will carry out on the 2016/17 accounts will be completed based on the requirements set out in the Local Audit and Accountability Act 2014 and under the Code of Audit Practice published by the National Audit Office.</p> <p>The consultation closes on Friday 15 January 2016. PSAA will publish the final work programme and scales of fees for 2016/17 in March 2016.</p>	<i>The Committee may wish to seek assurances on how their Authority have responded to the consultation.</i>

Area	Level of Impact	Comments	KPMG perspective
NAO report – Devolving responsibilities to cities in England: Wave 1 City Deals	● Low	<p>Wave 1 City Deals encouraged cities to develop capacity to manage devolved funding and increased responsibility. The report finds it is too early to tell whether the deals will have any overall impact on growth, and that the government and the cities could have worked together in a more structured way to agree a consistent approach to evaluating the deals' impact. There have been early impacts from some of the individual programmes agreed in the deals. It has, however, taken longer for cities and departments to implement some of the programmes that required more innovative funding or assurance mechanisms.</p> <p>The government has set out its ambition to continue devolving responsibility for local growth to cities and other local places. The report highlights that both the government and local places can learn from the experience of Wave 1 City Deals to manage devolution to local places effectively.</p> <p>The report is available on the NAO website www.nao.org.uk/report/devolving-responsibilities-to-cities-in-england-wave-1-city-deals/</p>	<i>The Committee may wish to seek assurances how their Authority fit into the emerging City Deals.</i>

Area	Level of Impact	Comments
Greater Manchester Combined Authority	 For Information	<p>Greater Manchester Combined Authority (GMCA) has pioneered the concept of local devolution within England. ‘Devo Manc’ encompasses a broad range of proposals to address the challenges and opportunities GM is facing:</p> <p>Health and Social Care</p> <p>Greater Manchester is facing an estimated financial deficit of c. £2 billion by 2020/21. A Memorandum of Understanding was signed in February 2015 between all partners in GM, committing the region to produce a comprehensive Strategic and sustainable Plan for health and social care.</p> <p>As part of the Plan, GM is seeking to use its share of the £8 billion promised to the NHS in the CSR to support new recurrent costs and protect social care budgets, closing over a quarter of the funding gap. A further investment by the partners of £500 million, phased over three years, will release future recurrent savings with a likely payback of £3 for every £1 invested.</p> <p>GM proposals</p> <p>In addition, GM has made a number of proposals to reform the way public services work together and deliver services within the region:</p> <ul style="list-style-type: none"> ■ Investment in transport infrastructure ■ New funding mechanisms to support site remediation and infrastructure provision ■ Making better use of Social Housing Assets to support growth ■ Locally led low carbon ■ A scaled-up GM Reform Investment Fund ■ Devolution of decision making for apprenticeships and training, and reform to careers advice and guidance ■ Fundamental review of the way services to children are delivered ■ Research and innovation funding ■ Investment in integrated business support to drive growth and productivity ■ Reform of the New Homes Bonus ■ Further employment and skills reform ■ GM approach to data sharing across public agencies ■ Fiscal devolution, including reform to Business Rates, Council Tax, Stamp Duty Land Tax and a Hotel Bed Tax <p>All of these proposals involve joint working, not just with other GM agencies, but also central government departments. This allows the existing financial resources provided to the region to be redeployed more efficiently to maximise the benefits to GM.</p>

Area	Level of Impact	Comments
Care Act first-phase reforms – local experience of implementation	 For Information	<p>This report has been published by the National Audit Office and complements its earlier report on central government's approach to the Care Act first-phase reforms.</p> <p>This further report provides examples from local case study areas which show how different authorities are addressing risks arising from uncertainty in demand from carers and self-funders.</p> <p>The report was published on 3 August and is available from the NAO website at www.nao.org.uk/report/care-act-first-phase-reforms-local-experience-of-implementation/</p>

Area	Level of Impact	Comments
Public Sector Audit Appointments Ltd (PSAA) – VFM profiles update	 For Information	<p>Public Sector Audit Appointments Ltd (PSAA) maintain the Value for Money profiles tool (VFM profiles) initially developed by the Audit Commission. The profiles were updated on 1 October 2015.</p> <p>The VFM profiles planned budget section now contains the 2015/16 data sourced from the Department for Communities and Local Government – General Fund Revenue Account Budget (RA). The values are adjusted with gross domestic product (GDP) deflators from the HM Treasury's publication in June 2015. The profiles can be accessed through the PSAA's homepage at http://www.psaa.co.uk/</p> <p>Other sections of the VFM profiles have also been updated with the latest data values for the following data sources:</p> <ul style="list-style-type: none"> ■ Inequality gap (2012/13) ■ Fuel poverty (2013) ■ Climate change (2013) ■ Alcohol related admissions (2013/14) ■ Mid-year population estimates (2014) ■ Chlamydia testing (2014) ■ Participation in education or work-based learning (2014) ■ Housing benefit speed of processing (2014/15) ■ CT and NNDR collection rates (2014/15) ■ NHS health checks (2014/15) ■ Planning applications (Quarter 4 2014/15) ■ Delayed transfers of care (Quarter 1 2015) ■ Under 5 provision (2015)

Area	Level of Impact	Comments
Proposed changes to business rates and core grant	 For Information	<p>The Chancellor of the Exchequer has proposed some radical reforms of local government finance. The proposals are that by the end of the decade, councils will retain all locally raised business rates but will cease to receive core grant from Whitehall.</p> <p>The Chancellor set out the landmark changes in a speech to the Conservative party conference in Manchester, saying it was time to face up to the fact that “the way this country is run is broken”.</p> <p>Under the proposals, authorities will be able to keep all the business rates that they collect from local businesses, meaning that power over £26 billion of revenue from business rates will be devolved, he said</p> <p>The uniform national business rate will be abolished, although only to allow all authorities the power to cut rates. Cities that choose to move to systems of combined authorities with directly elected city wide mayors will be able to increase rates for specific major infrastructure projects, up to a cap, likely to be set at £0.02 on the rate.</p> <p>The system of tariffs and top-ups designed to support areas with lower levels of business activity will be maintained in its present state.</p>

Appendix

Appendix 1 – 2015/16 Audit deliverables

Deliverable	Purpose	Timing of Audit Committee	Status
Planning			
Fee letter	Communicate indicative fee for the audit year	June 2015	Completed
External audit plan	Outline our audit strategy and planned approach Identify areas of audit focus and planned procedures	March 2016	Due at this meeting.
Interim			
Interim report	Details and resolution of control and process issues. Identify improvements required prior to the issue of the draft financial statements and the year-end audit. Initial VFM assessment on the Council's arrangements for securing value for money in the use of its resources.	June 2016	TBC
Substantive procedures			
Report to those charged with governance (ISA+260 report)	Details the resolution of key audit issues. Communication of adjusted and unadjusted audit differences. Performance improvement recommendations identified during our audit. Commentary on the Council's value for money arrangements.	September 2016	TBC
Completion			
Auditor's report	Providing an opinion on your accounts (including the Annual Governance Statement). Concluding on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the VFM conclusion).	September 2016	TBC
WGA	Concluding on the Whole of Government Accounts consolidation pack in accordance with guidance issued by the National Audit Office.	September 2016	TBC
Annual audit letter	Summarise the outcomes and the key issues arising from our audit work for the year.	November 2016	TBC
Certification of claims and returns			
Certification of claims and returns report	Summarise the outcomes of certification work on your claims and returns for Government departments.	December 2016	TBC



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Report to: **Audit and Governance Committee**

Date of Meeting: 3 March 2016

Public Document: Yes

Exemption: None



Agenda item: 9

Subject: **Statement of Accounts 2015/16 – Review of accounting policies and accelerated timetable**

Purpose of report: As it is considered best practice for the Audit and Governance Committee to approve the Accounting Policies to be adopted for the preparation of the accounts, the current policies are presented for Members consideration. Also to inform members of the accelerated timetable for completion of the annual statement of accounts.

Recommendation: **To approve the Accounting policies and note the accelerated timetable for the 2015/16 Statement of Accounts.**

Reason for recommendation: Members of the Audit and Governance Committee have responsibility for the approval of the Annual Statement of Accounts.

Officer: Laurelie Gifford, Financial Services Manager
lgifford@eastdevon.gov.uk tel: 01395 517413

Financial implications: There are no financial implications.

Legal implications: There are no direct legal implications arising out of the content of the report.

Equalities impact: Low Impact

Risk: Low Risk

Links to background information: [EDDC Statement of Accounts](#) Page 18 Accounting Policies

Link to Council Plan: Funding this Outstanding Place

Report in full

1. Review of Accounting Policies

- 1.1 On 5 March 2015 The Audit and Governance Committee formally adopted the existing Accounting Policies. Following a review of the changes to the 2015/16 Code of practice on local authority accounting, and a review of the appropriateness of existing policies, there are no required changes for the 2015/16 Statement of Accounts.

2. Accelerated timetable

- 2.1 From 2017/8 there is a statutory requirement to have the annual statement of accounts completed and on our website by 31st May as opposed to the current date of 30th June.

These changes provide challenges for both the preparers and the auditors of the financial statements. The impact of the changes to the deadlines is shown in the table below:

	Current Deadline	2017/18 Deadline	Reduction in time
Preparation of draft financial statements, signed by s151 officer	30 June	31 May	30 days
Approval and publication of financial statements with audit opinion	30 September	31 July	62 days
Available audit time	92 days	61 days	31 days

- 2.2 To achieve the shortened deadline, the statement of accounts for 2015/16 will be completed to this earlier deadline as a trial run. This means officers will need to condense the closedown period where they produce both the Outturn book for internal management purposes, and the Statement of Accounts for external reporting and auditing, from 3 months to 2 months.

This clearly has implications on workloads, not only for the Accountancy section, but services that provide data necessary for accurate and timely close down.

From 2017/18, the Audit and Governance committee will need to meet and approve the accounts by 31 July.

Report to: Audit and Governance Committee
Date of Meeting: 3 March 2016
Public Document: Yes
Exemption: None



Review date for release None

Agenda item: 10

Subject: South West Audit Partnership - EDDC Internal Audit Plan for 2016-17

Purpose of report: As a key element of its Governance arrangements the Council has a partnership arrangement with South West Audit Partnership to deliver an annual internal audit plan. The Assistant Director for SWAP, together with the Council's S151 Officer and in consultation with the Senior Management Team has produced an Audit Plan for 2016-17 that requires the approval of the Audit and Governance Committee.

Recommendations: That the Audit and Governance Committee approve the Internal Audit Plan of 376 days for April 2016 to March 2017.

Reason for recommendation: It is a requirement that the Audit and Governance Committee approve the annual audit plan.

Officer: Moya Moore, South West Audit Partnership
Moya.moore@southwestaudit.co.uk tel: 07720 312462

Financial implications: No change from previous year.

Legal implications: Internal audits assist in testing and demonstrating compliance with regulatory frameworks, including governance and best value.

Equalities impact: Low Impact

Risk: Medium Risk
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.

Links to background information:

Link to Council Plan:

Background

The total number of audit days planned for 2016-17 is 376 days, which is unchanged from the prior year.

This plan has been pulled together with a view to providing assurance to both Officers and Elected Members of the current and imminent risks faced by the Authority in an ever changing risk environment. If an emerging risk or a fraud investigation is deemed higher risk than the audits in this Audit Plan then changes may be required during the year. The Committee are approving the initial plan of 376 days. Any changes will be reported to Committee quarterly for approval.

To ensure that to the best of our ability we have covered the necessary risks, the Assistant Director 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. Input has also been sought, received and considered from Members of the Audit and Governance Committee.

Key Control Audits

In a change to previous years, the audit plan does not include the traditional series of 8 Key Control audits. We have liaised with the new External Auditors, KPMG and confirmed that they will not be reliant on our testing in these areas specifically.

An overall day allowance has been included in the plan to ensure that key financial risks are audited, whilst enabling a better degree of flexibility in approach. The exact scope of these audits will be agreed with the S151 officer prior to commencement, taking into account emerging and current issues.

The reduced number of days allocated to this area reflects the positive assurance opinions awarded in relation to Key Control Audits over the previous few years.

We provided reasonable or substantial audit assurance for the key financial systems in 2013-14 and as such it was agreed not to audit all of them in 2014-15. To ensure that there have been no lapses in these key controls and to provide ongoing assurance, these areas were reviewed again in 2015-16. This testing is still ongoing but assurance provided to date on Key Controls has been Substantial or Reasonable.

The revised approach for 2016-17 reflects the Council's appetite to explore other risks and processes at the Council and is in line with current practice at other local District Councils. It represents a move away from the traditional suite of tests we have completed for many years at the Council and offers an opportunity to look at financial risk afresh.

Note: A separate review of Housing Rents is scheduled because of the new Housing System. This will include (but not be restricted to) Key Financial Controls.

I.T. Audits

I.T. Reviews are completed to provide the Authority with assurance with regards to their compliance with industry best practice. There are 30 days planned which are split over 3 audits. One of these is a review of the implementation of the New Housing System, another is looking at Business Continuity at Service Level. The remaining one is a review of the effectiveness of working arrangements between EDDC and STRATA.

Operational and Governance Reviews

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. The following are included in the Audit Plan

Responsive Repairs
Housing Rents
HRA Business Plan Review
Healthy Organisation
New recycling and waste contract arrangements
Data Protection
Achievement of Major Projects
Corporate Health & Safety
Local Plan Review
Electoral Registration
Organisational Resourcing
Procurement
Partnership working around greater Exeter

Healthy Organisation is a new Audit for this year and involves a high level review that maps assurance streams so that we can see which areas of the Council may be over controlled (and identifies efficiencies) and which could benefit from a closer look. We look at 8 themes – Risk, Finance, Information Security, Governance, Procurement, Assets & People, Programme & Projects management and Performance Management.

Rather than looking specifically at operational processes within services, this concentrates on the corporate processes that are in place to monitor and guide outcomes. This in turn should help drive the audit plan going forward. We have adopted this approach at a number of other Councils this year and it has proven very successful.

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 planned 9 days to do follow-up reviews.

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.

EDDC Internal Audit Plan 2016-17	Days Planned	Rationale
Client Support	57.0	
Cash Spot Checks	6.0	
Planning / Client Liaison	12.0	Audit Planning / S151 Liaison
Corporate Advice	5.0	Guidance and advice on best practice
Committee Reporting & Attendance	12.0	Audit & Governance Committees and Reports
External Audit	2.0	Liaison with KPMG
Relocation Project Consultancy	20.0	Consultancy and Advice and adhoc projects
Follow Up Audits (unallocated)	9.0	Review 2015/16 Partial Assurances
ICT	30.0	
New Housing System Implementation	10.0	
Business Continuity (Service Review)	10.0	
Arrangements with STRATA	10.0	
Key Controls (unallocated)	25.0	
Operational and Governance Reviews	255.0	
Responsive Repairs	10	Review of Cost Plus contract arrangements.
Housing Rents	15	New Housing System
HRA Business Plan Review	20	Support/assistance on the review of the HRA Business Plan where the Council is having to adjust income and expenditure plans following government policy changes
Healthy Organisation	40	To undertake the 8 key themes (Corporate Governance/Financial Management/Risk Management/Performance Management/Commissioning and Procurement / Programme & Project Management/Information Management/People & Asset Management)
New recycling and waste contract arrangements	20	To include contract monitoring and payment processes.
Data Protection	20	No recent audit in this area.
Achievement of Major Projects	20	Review of all Major Projects (to include capital spend against our strategic budget for major projects and achievement of key milestones)
Corporate Health and Safety	20	To Include a review to clarify responsibilities between EDDC and partnerships (such as LED).
Local Plan Review	20	To include a lessons learned review.

Electoral Registration	20	Suggested scope is external spend, framework for statutory compliance and smart data sharing.
Organisational Resourcing	20	To include whether the decrease in permanent staff has resulted in increased spend in temporary/agency costs.
Procurement Review	15	To include repairs (value for money of in house v bought in services).
Partnership working around Greater Exeter	15	To include strategy, mapping and the Enterprise Zone.
Total Planned Audit Days:	376.0	

Report to: **Audit and Governance Committee**

Date of Meeting: 3 March 2016

Public Document: Yes

Exemption: None



Review date for release None

Agenda item: 11

Subject: **Whistleblowing Policy review**

Purpose of report: The Council's Whistleblowing Policy requires updating to reflect a change in the law and also it has been given an overall review. The revised policy was presented to Standards Committee at their January 2016 meeting where it was recommended that Audit and Governance adopt the revised policy.

Recommendation: **That the revised Whistleblowing Policy is adopted**

Reason for recommendation: A review of the Council's Whistleblowing Policy has now been carried out. With the assistance of a template policy provided by SWAP a revised Policy is attached (Appendix A) for consideration by the Committee. A link to the existing version of the Policy is contained within the background links. The changes are detailed below;

- The main enforced change relates to the trigger at which the statutory protection applies. Previously this was that the report should be made 'in good faith'. The requirement is now that the report should be made in 'the reasonable belief that the disclosure they are making is in the public interest'.
- The policy has been re-structured so that the policy is presented in a clear and logical order.
- The procedure section was not entirely clear and so has been expanded so that it is now fully explained, is clearer and more user friendly and a flowchart has been incorporated to show how the process works.
- Contacts and senior officers who can be contacted has been updated to reflect the recent restructuring and staffing changes.
- The circumstances in which the policy may apply has been widened to help everyone understand when they could rely on the policy.
- Generally the text of the policy has been revised to make the commitment to protection of the whistleblower stronger than the existing wording.
- The position surrounding anonymity has been expanded and reflects the wording of the SWAP template policy.
- A section has been included on the further steps that can be taken if a whistleblower is not satisfied with the outcomes following a report, again reflecting the SWAP template.

It is considered that the revised Policy is up to date with legal requirements and with the changes represents a stronger policy in terms of the Council's commitment to protecting whistleblowers. Further the amendments provide a more robust policy in terms of procedure and

which is now also more user friendly for those reading and applying it.
For the above reasons the revised Policy is recommended for adoption.

Officer:	Henry Gordon Lennox, Strategic Lead Legal, Licensing, Democratic Services & Monitoring Officer hgordonlennox@eastdevon.gov.uk Tel:01395 517401
Financial implications:	There are no direct financial implications.
Legal implications:	The law has changed so that there is now a different test to when the legal protection for a whistleblower is triggered, accordingly the policy needs to be amended to incorporate this specific change. In addition the policy has been revised (as set out in the report) and these changes make the policy easier to understand and more robust generally in terms of protection for a whistleblower. Accordingly it is advised that the policy is recommended for adoption. It should be noted that the Council must adhere to any adopted policy in the circumstances where it applies. Otherwise there are no legal implications arising.
Equalities impact:	Low Impact
Risk:	Low Risk
Links to background information:	<ul style="list-style-type: none">• Link to existing whistleblowing policy
Link to Council Plan:	Encouraging communities to be outstanding and Continuously improving to be an outstanding council

Whistleblowing Policy

Issue details	
Title:	Whistleblowing Policy
Issue and version number:	Issue 3
Contents:	<div>Previous Policy Page 2</div> <div>What is Whistleblowing? Page 2</div> <div>Purpose and scope of policy Page 2</div> <div>What is the difference between making a complaint and blowing the whistle? Page 3</div> <div>Safeguarding whistleblowers and dealing with malicious allegations Page 3</div> <div>Procedure Page 5</div> <div>Further steps Page 7</div> <div>Policy consultation Page 8</div> <div>Assessments and appraisals Page 8</div> <div>Initial Policy Review Page 8</div> <div>Related policies and strategies Page 8</div> <div>Appendix 1 - The seven principles of public life Page 9</div> <div>Appendix 2 – Process flowchart Page 10</div> <div>Appendix 3 - Formal whistleblowing report form Page 11</div>
Officer responsible:	Monitoring Officer
Authorisation by:	Audit & Governance
Authorisation date:	3rd March 2016
Review date:	March 2018

Whistleblowing Policy

1. Previous Policy

This Policy was reviewed in January 2016 by the Monitoring Officer. Previously it was reviewed in July 2011.

2. What is whistleblowing?

- 2.1. Someone 'blows the whistle' when they tell their employer, a regulator, customers, the police or the media about a dangerous or illegal activity that they are aware of through their work.
- 2.2. Whistleblowing can inform those who need to know about health and safety risks, potential environmental problems, fraud, corruption, deficiencies in the care of vulnerable people, cover ups and many other problems. Often, it is only through whistleblowing that this information comes to light and can be addressed before real damage is done.

3. Purpose and scope of the Policy

- 3.1. The Council takes malpractice and wrongdoing in relation to the organisation's procedures and actions very seriously. It is our aim to ensure that as far as possible, our employees are able to blow the whistle and tell us about any wrongdoing at work which they believe has occurred or is likely to occur.
- 3.2. The Council upholds the seven principles of public life and conducts its business with these in mind (see Appendix 1). The Council is committed to the highest possible standards of openness, probity and accountability and this is reflected in the Council's value of being '*open, clear and transparent*'.
- 3.3. It expects all employees (including any agency staff) to maintain these standards in everything they do. Employees, and others that we deal with (so including suppliers and those providing services to the Council), are therefore encouraged to report any wrongdoing by the Council or its employees that falls short of these principles (i.e. they are encouraged to 'blow the whistle').
- 3.4. The Public Interest Disclosure Act 1998 and Enterprise and Regulatory Reform Act 2013 protects employees who report wrongdoing within the workplace. So, any employee or worker who makes a report under this procedure in the reasonable belief that the disclosure they are making is in the 'public interest' will not be subject to any detriment.
- 3.5. We recognise that employees may not always feel comfortable about discussing their concerns within the Council, especially if they believe the Council itself is responsible for the wrongdoing. The aim of this policy is to ensure that employees are confident that they can raise the matter with the Council with the knowledge that it will be taken seriously, treated as confidential and that they will not be the subject of

victimisation, subsequent discrimination or disadvantage for having reported their concerns, irrespective of the outcome.

3.6. You are encouraged to use the procedure set out in this policy if you have any concerns at all about wrongdoing at work which could comprise:

- any criminal offence,
- a failure to comply with our legal obligations (such as our Standing Orders or Financial Procedure Rules) or any other unlawful action,
- improper conduct,
- malpractice or acting against established practice / policies,
- a miscarriage of justice,
- a health and safety danger,
- a risk of environmental damage, or
- concealment of any of the above.

The list is not exhaustive but is intended to illustrate the range of issues which could be raised under this policy.

3.7. This policy aims to ensure that the Council investigates and deals with disclosures fairly, promptly and properly.

4. What is the difference between making a complaint and blowing the whistle?

4.1. When someone blows the whistle they are raising a concern about danger or illegality that affects others (for example customers, members of the public, or their employer). The person blowing the whistle is usually not directly, personally affected by the danger or illegality. Consequently, the whistleblower rarely has a personal interest in the outcome of any investigation into their concern – they are simply trying to alert others. For this reason, the whistleblower should not be expected to prove the malpractice. He or she is a messenger raising a concern so that others can address it.

4.2. This is very different from a complaint or grievance. When someone complains or raises a grievance, they are saying that they have been personally treated poorly. This poor treatment could involve a breach of their individual employment rights or bullying and the complainant is seeking redress or justice for themselves. The person making the complaint therefore has a vested interest in the outcome of the complaint and for this reason, is expected to prove their case.

4.3. For these reasons, it is not in anyone's interest if an individual uses this policy to pursue a personal grievance. For personal complaints or grievances, please use the Grievance Policy and Procedure instead.

5. Safeguarding whistleblowers and dealing with malicious allegations

5.1. In line with the Employment Rights Act 1996 and Enterprise and Regulatory Reform Act 2013, the Council undertakes that no employee

who makes a report under this procedure and who has a reasonable belief that the disclosure they are making is in the 'public interest' will be subjected to any detriment as a result. The fact that there needs to be 'reasonable belief' does not mean that their belief must be correct for the protection to apply.

- 5.2. This means the Council will not tolerate any harassment or victimisation (including any informal pressures) nor any attempt to apply a sanction or any other detriment to a person who has reported any serious and genuine concern that they have of any apparent malpractice. Anyone who victimises a 'whistleblowing' colleague will personally be liable as the affected 'whistleblower' can directly bring a claim against the culprit. Further the employee can refer their case to an industrial tribunal.
- 5.3. In the event that you believe you are being subjected to a detriment by any person within the Council, as a result of your decision to invoke the procedure, you must inform the Monitoring Officer or the Strategic Lead (Organisational Development) immediately and appropriate action will be taken to protect you from any reprisals.
- 5.4. The Council encourages you to put your name to your allegation as this gives weight to the case and helps with the investigation of the issue. However, you may seek to remain anonymous if you wish. All information you provide is held in the strictest confidence and the Council will seek to protect the identity of any employee as far as possible.
- 5.5. It is important to note that if your allegation is of such a serious nature, it may be necessary for your identity to be revealed. This may be because of the need for the identity to be revealed as part of the evidence. Moreover, if the matter is brought to court, a judge may order a name to be divulged. However the Council will do everything possible to protect your anonymity before this stage is reached and will discuss with you before embarking on any course of action whereby your identity will be disclosed. Please note though that once action is initiated, notwithstanding your desire for anonymity and the Council's aim of protecting that anonymity, it may simply not be possible to achieve this.
- 5.6. You may bring a friend or colleague to any meeting arranged in connection with the concern you have raised as long as the friend or colleague is not involved in the matter and agrees to maintain confidentiality. Additionally, if you wish, you may be accompanied by your trade union representative. It will be up to you to arrange this.
- 5.7. It is emphasised that you have nothing to fear by raising your concerns. Provided you are acting in reasonable belief that you are acting in the public interest, it does not matter if you are mistaken. However, disciplinary action may be taken against any member of staff who is discovered to have made allegations frivolously, falsely or maliciously, for example to pursue a personal grudge against another employee.

- 5.8. The Council will try to ensure that any negative impact of either a malicious or unfounded allegation about a person is minimised.

6. Procedure

Background

- 6.1. As a first step, you should normally raise concerns with your immediate manager or their superior. This depends, however, on the seriousness and sensitivity of the issues involved and who is thought to be involved in the malpractice. If you prefer (for whatever reason) or if you believe that management is involved, you could approach one of the individuals in section 6.3.
- 6.2. The earlier you express the concern, the easier it is to take action. You should not wait until you have proof. Although you are not expected to prove the truth of the allegation, you will need to demonstrate to the person contacted that there are grounds for your concern.

N.B. If an employee has any personal interest in the matter this should be disclosed at the outset.

- 6.3. If you do have a concern, whether as a member of staff or a member of the public, and however small, where you don't feel comfortable discussing such a sensitive issue with a close colleague or other officers within the Council, you can discuss the matter with any of the following:

Henry Gordon Lennox, Monitoring Officer
Email: hgordonlennox@eastdevon.gov.uk
Tel: 01395 517401
Write to: Knowle, Sidmouth, EX10 8HL

Anita Williams, Deputy Monitoring Officer
Email: awilliams@eastdevon.gov.uk
Tel: 01395 571556
Write to: Knowle, Sidmouth, EX10 8HL

Simon Davey, Section 151 Officer
Email: sdavey@eastdevon.gov.uk
Tel: 01395 517490
Write to: Knowle, Sidmouth, EX10 8HL

Karen Jenkins, Strategic Lead (Organisational Development)
Email: kjenkins@eastdevon.gov.uk
Tel: 01395 517562
Write to: Knowle, Sidmouth, EX10 8HL

Jo George, Assistant Director for the South West Audit Partnership (SWAP):
E-mail: jo.george@southwestaudit.co.uk
Tel: 07720312466
Write to: The Deane House, Belvedere Road, Taunton, TA1 1HE.

- 6.4. Alternatively, you may contact the East Devon District Council Fraud Line number which is 01395 517494.
- 6.5. An informal approach to any of these officers will be treated as completely confidential and will not result in any report to anyone within the Council unless you agree.
- 6.6. In the event that you are unsure whether you should raise an issue under this policy or you need advice, free confidential advice is available from Public Concern at Work (0207 404 6609) www.pcaw.co.uk, a charity with the objective of promoting compliance with the law and good practice.

Process (a flowchart of the process is contained at Appendix 2)

- 6.7. Initial concerns may be raised orally or in writing, although normally it is preferable to put your concern in writing. You are invited to set out the background and history of the concern, giving names, dates and places where possible, and the reason why you are particularly concerned about the situation. There is an example report form in Appendix 3 of this Policy which you are encouraged to use to formally report a concern.
- 6.8. In order to protect the individual and the Council, an initial investigation will be carried out to decide whether a full investigation is appropriate and, if so, what form it should take. The initial investigation may be carried out internally or the Council may ask another body (e.g. SWAP) to carry it out. Concerns or allegations, which fall within the scope of specific Policies (for example fraud, theft and corruption) will normally be referred for consideration under the procedures in those Policies.
- 6.9. Following the initial investigation, it may be that some concerns can be resolved by agreed action without the need for a full investigation. If urgent action is required, this would be taken before any full investigation is completed.
- 6.10. Within ten working days of a concern being raised, and following the initial investigation, the Monitoring Officer will write to the person raising the concern;
- acknowledging that the concern has been received,
 - indicating the initial findings and how he/she proposes to deal with the matter; and
 - giving an estimate of how long it will take to provide a final response.

If it is impossible for the initial investigation to be completed within ten working days, or where urgent action is required, the situation will be explained in the letter of acknowledgement. Where a decision is made that a full investigation will take place, the reasons for this will be provided.

- 6.11. If a full investigation is required this will be carried out by the Council internally or the Council may ask another body (e.g. SWAP) to carry it out. Following the full investigation the Council will either resolve by

agreed action or take appropriate further action. This further action could be:

- Agreed steps such as disciplinary process,
- Referral to the Police,
- An independent enquiry

6.12. The amount of contact between the officers considering the issues and the employee raising the concern will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, further information may be sought from the person raising the concern. Notwithstanding the initial acknowledgement, you will be kept informed of the progress and outcome of the action and reasons for any decisions, subject to any legal constraints there may be.

6.13. The Council will take appropriate steps to minimise any difficulties, which an employee may experience as a result of raising a concern. For example, if employees are required to give evidence in criminal or disciplinary proceedings, the Council will need to inform them and consider what steps are required to provide support.

6.14. The Council recognises that there may be matters that cannot be dealt with internally and external authorities will need to become involved. Where this is necessary the Council reserves the right to make such a referral without your consent.

7. Further steps

7.1. This Policy is intended to provide you with an avenue to raise concerns within the Council. The Council hopes you will be satisfied with any action taken. If you are not satisfied with the outcome of your confidential allegation you can write to the Chief Executive and ask for the investigation and outcome to be reviewed. If you remain dissatisfied and you feel it is right to take the matter outside the Council, you may wish to take advice from your trade union, your local Citizens Advice Bureau, any of the external agencies listed in section 7.4 below, or your legal advisor on the options that are available to you.

7.2. Another option is that you may wish to rely on your rights under the Public Interest Disclosure Act 1998. This Act gives you protection from victimisation if you make certain disclosures of information in the public interest. The provisions are quite complex and include a list of prescribed persons outside of the Council who can be contacted in certain circumstances. You should seek advice on the effect of the Act from the Monitoring Officer.

7.3. If you do take the matter outside the Council, you need to ensure that you do not disclose information where you owe a duty of confidentiality to persons other than the Council (e.g. service users) or where you would commit an offence by making such disclosures. This is something that you would need to check with one of the officers mentioned in Section 6.3.

7.4. External Contacts

If for any reason you do not wish to use the internal arrangements set out above, or require additional support and advice, a list of some of the prescribed people and bodies to whom you can make a disclosure and whose functions have particular relevance to councils work are given below.

- The Certification Officer (www.certoffice.org)
- Her Majesty's Revenue and Customs (HMRC) (www.hmrc.gov.uk)
- Serious Fraud Office Confidential (www.sfo.gov.uk)
- The Health & Safety Executive (www.hse.gov.uk)
- The Environment Agency (www.environment-agency.gov.uk)
- The Food Standards Agency (www.food.gov.uk)
- The Homes and Communities Agency (HCA) (www.homesandcommunities.co.uk)
- Relevant professional bodies or regulatory organisations
- A solicitor or legal advisor
- The Police
- The Local Government Ombudsman (www.lgo.org.uk)
- The Council's External Auditors (KPMG)(www.kpmg.com/uk)

8. Initial Policy Consultation

- 8.1. Strategic Management Team, Staff Joint Forum and South West Audit Partnership

9. Assessments and Appraisals

- 9.1. This Policy has had an equality analysis

10. Policy Review

- 10.1. The Monitoring Officer will review this policy in the light of any legislative changes and in any event in January 2018 to consider whether any changes are required.

11. Related Policies and Strategies

- Grievance Policy and Procedure
- Anti-Fraud, Theft and Corruption Policy
- Financial Regulations
- Financial Operating Procedures
- Contract Standing Orders

Appendix 1 - The Seven Principles of Public Life

Selflessness

Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

Objectivity

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

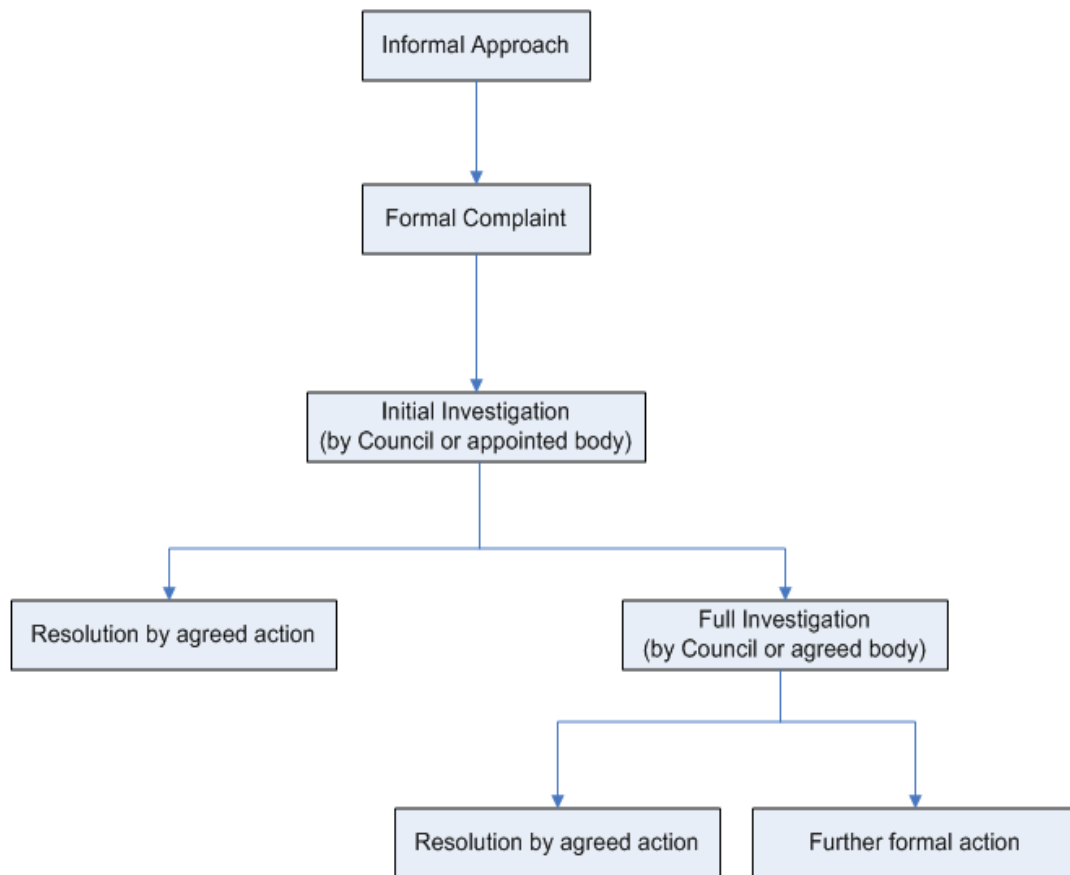
Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership

Holders of public office should promote and support these principles by leadership and example.

Appendix 2 – Process flowchart



Appendix 3 - Report form for whistleblowing complaints

EDDC is committed to the highest possible standards of openness, professionalism and accountability. In line with that commitment we expect employees, partners, members of the public and others that we deal with, who have serious concerns about any aspect of the Council's work to come forward and voice those concerns.

Description of the concern

Where possible include:

- Dates of incidents
- Who was involved
- Why this is a concern
- What the result was
- Whether there were any other witnesses
- Whether you have tried to raise this with your/a manager

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You are encouraged to put your name to this report. Concerns expressed anonymously are much harder to investigate but will be considered at the discretion of the Monitoring Officer.

Name:		Service (if staff member):	
Address:		Your telephone number:	
Date:		Signature:	

Agenda Item: 12

Audit and Governance Committee

3 March 2016



Audit and Governance Committee

Forward Plan 2015/16

Date of Committee	Report	Lead Officer
June 2016	<ul style="list-style-type: none">• Review of Internal Audit Charter• Annual Report inc. Quarter 4• Internal Audit Activity – Quarter 1 2015/16• Revenue and Capital Outturn Report 2014/15• Annual Audit Report and Opinion• Draft annual governance statement• Audit Committee update• Risk Management Review• Statement of Accounts• Member training – Audit Definitions and Processes	<p>SWAP</p> <p>SWAP</p> <p>SWAP</p> <p>Strategic Lead Finance</p> <p>KPMG</p> <p>Strategic Lead Finance</p> <p>KPMG</p> <p>Management Information Officer</p> <p>Strategic Lead Finance</p> <p>SWAP</p>