

Agenda for consultative meeting of the Audit and Governance Committee
Thursday, 23rd September, 2021, 2.30 pm



Members of Audit and Governance Committee

Councillors S Hawkins (Chair), M Armstrong, D Barrow, F Caygill, S Gazzard, P Hayward, N Hookway, G Pook and P Twiss

East Devon District Council
Blackdown House
Border Road
Heathpark Industrial Estate
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Venue: Online via the Zoom app.

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Tuesday, 14 September 2021

Important - this meeting will be conducted online and recorded by Zoom only.

Please do not attend Blackdown House.

Members are asked to follow the [Protocol for Remote Meetings](#)

This meeting is being recorded by EDDC for subsequent publication on the Council's website and will be streamed live to the Council's Youtube Channel at <https://www.youtube.com/channel/UCmNHQruge3LVl4hcgRnbwBw>

Public speakers are now required to register to speak – for more information please use the following link: <https://eastdevon.gov.uk/council-and-democracy/have-your-say-at-meetings/all-other-public-meetings/#article-content>

Between 27th July 2021 to 17th January 2022, the Council has delegated much of the decision making to officers. Any officer decisions arising from recommendations from this consultative meeting will be published on the webpage for this meeting in due course. All meetings held can be found via the [Browse Meetings](#) webpage.

1 Public speaking

Information on [public speaking](#) is available online

2 Minutes of the previous meeting (Pages 4 - 7)

Minutes for 18 March 2021

3 Apologies

4 Declarations on interest

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

5 Matters of urgency

Information on [matters of urgency](#) is available online

6 Confidential/exempt item(s)

To agree any items to be dealt with after the public (including the Press) have been excluded. There are no items which officers recommend should be dealt with in this way.

Matters for Decision

7 **Internal Audit Outturn Report 2020-21 - SWAP** (Pages 8 - 25)

Report from the cancelled meeting of 29 July 2021

8 **Internal Audit Annual Opinion Report 2020/21 - SWAP** (Pages 26 - 43)

Report from the cancelled meeting of 29 July 2021

9 **Internal Audit Plan Progress September 2021 (2021/22)** (Pages 44 - 57)

10 **Revenue and Capital Outturn Report 2020/21** (Pages 58 - 76)

Report from the cancelled meeting of 29 July 2021

11 **Risk Review Summer 2021 Part 1** (Pages 77 - 118)

Report from the cancelled meeting of 29 July 2021

12 **Partnership Review 2020/21** (Pages 119 - 122)

13 **Section 106 and CIL update** (Pages 123 - 125)

Report from the cancelled meeting of 29 July 2021

14 **External Audit Plan 2020/21 - Grant Thornton** (Pages 126 - 146)

Report from the cancelled meeting of 29 July 2021

15 **Grant Fraud Assurance report** (Pages 147 - 156)

This report is to provide an update of the measures taken to protect against fraud & error for the administration of Covid-19 grants.

16 **Informing the Audit Risk Assessment 2020/21** (Pages 157 - 190)

This report informs the areas of the auditor risk assessment that the Council's external auditors are required to make under auditing standards.

17 **Audit and Governance Forward Plan** (Pages 191 - 192)

[Decision making and equalities](#)

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

EAST DEVON DISTRICT COUNCIL**Minutes of the meeting of Audit and Governance Committee held at Online via the Zoom app. on 18 March 2021****Attendance list at end of document**

The meeting started at 2.30 pm and ended at 3.23 pm

75 Public speaking

There were no members of the public registered to speak.

76 Minutes of the previous meeting

The minutes of the Audit and Governance Committee held on 28 January 2021 were confirmed as a true record.

77 Declarations on interest

None

78 Matters of urgency

None

79 Confidential/exempt item(s)

None

80 Audit Findings report - Grant Thornton

Jackson Murray from Grant Thornton explained the report presented the observations arising from the audit that were significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code').

The audit approach was based on a thorough understanding of the Council's business and was risk based, and in particular included:

- an evaluation of the Council's internal controls environment, including its IT systems and controls; and
- substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

Grant Thornton concluded that having substantially completed the audit of financial statements and subject to outstanding queries being satisfactorily resolved, we anticipate issuing an unqualified audit opinion.

The Chair wished to thank the Finance team for getting the council to the point where the audits were almost completed.

RESOLVED:

that the report be noted and that if there were any further changes to the report that they be viewed in consultation with the Chair of Audit and Governance committee, who would update the committee if that was to happen.

81 **Letter of representation**

Members were asked to note the letter to Grant Thornton in respect of the audit of the Financial Statements for the year ended 31 March 2020 confirming the council's position, documents produced and the sound processes in place.

The Portfolio Holder Finance wished to thank Simon Davey, John Symes and their team for the hard work in getting the council to where they were now.

RESOLVED:

that the letter be noted and signed by the Strategic Lead Finance and the Chair of Audit and Governance Committee.

82 **Statement of Accounts 2019/20 including Annual Governance Statement**

The Council's Statement of Accounts for 2019/20 had now been audited and was available to the Committee for approval. A report from the Council's external auditors Grant Thornton detailing the work carried out and audit conclusion was also on the agenda.

RESOLVED:

that the 2019/20 Statement of Accounts be adopted and delegated authority was given to the Strategic Lead Finance and the Chair of Audit and Governance Committee to sign off when all matters were concluded.

83 **Annual Audit Plan 2021/22 and Review of Internal Audit Charter - SWAP**

Alastair Woodland from SWAP introduced the Internal Audit Plan for 2021/22 that also incorporated the 'Internal Audit Charter' which set out the operational relationship between EDDC and the South West Audit Partnership (SWAP). This was a flexible plan that may be amended during the year to deal with shifts in priorities or new and emerging risks. Any changes to the plan would be reported to the Committee. The outcomes of each of the audits would provide senior management and Members the assurance that the current risks faced by the Authority in specific areas were adequately controlled and managed.

During discussions it was decided that two audits be swapped around. The 'Accounts Receivable (Debtors)' audit would be moved to Quarter 3 and 'Leisure East Devon (LED)' audit be brought forward to Quarter 1.

RESOLVED:

that the Internal Audit Plan for 2021- 22 and the Internal Audit Charter, be approved.

84 **Internal Audit Plan Progress to include EDDC's Fleet Management review - SWAP**

Alastair Woodland from SWAP provided an update on the 2020/21 Internal Audit Plan as at March 2021.

RESOLVED:

that the progress made in delivery of the 2020/21 internal audit plan and significant findings, be noted.

85 **Accounting Policies Approval**

The Finance Manager presented the report which explained that it was good practice for the Committee to approve the Accounting Policies to be adopted in advance of the preparation of the Accounts.

RESOLVED:

that the Accounting Policies for the 2020/21 Statement of Accounts, be approved.

86 **Audit and Governance Forward Plan**

Members noted the contents of the Committee Forward Plan for 2021/22.

Items to be considered at the July committee included:

- Internal Audit Plan 2020-21 Outturn Report
- Internal Audit Annual Opinion Report 2020-21
- Internal Audit Plan Progress
- Statement of Accounts 2020/21
- External Audit Plan
- Annual audit letter
- Risk Management Review
- S106 and CIL update
- DBS Checks for Councillors - update from LGA
- Review of the Anti-Fraud Theft and Corruption Policy
- Review of the Anti-Bribery Policy
- Review of the Whistleblowing Policy
- Review of the Local Code of Corporate Governance
- RIPA update and policy review

Attendance List

Councillors present:

S Hawkins (Chair)
F King (Vice-Chair)
D Barrow
J Bailey
S Gazzard
P Hayward
N Hookway

Councillors also present (for some or all the meeting)

P Arnott
S Jackson

A Moulding
J Rowland

Officers in attendance:

Amanda Coombes, Democratic Services Officer
Simon Davey, Strategic Lead Finance
Debbie Meakin, Democratic Services Officer
Jackson Murray, Grant Thornton
John Symes, Finance Manager
Anita Williams, Principal Solicitor (and Deputy Monitoring Officer)
Alastair Woodland, SWAP

Councillor apologies:

G Pook
P Twiss

Chairman

Date:



Report to: Audit and Governance Committee

Date of Meeting 23 September 2021

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

Internal Audit Plan Progress July 2021 (2020/21)

Report summary:

This report is to provide an update on the 2020/21 Internal Audit Plan as at July 2021.

Recommendation:

Members are asked to note progress made in delivery of the 2020/21 internal audit plan and significant findings.

Reason for recommendation:

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

Officer: Alastair Woodland, Assistant Director, SWAP.

Portfolio(s) (check which apply):

- Climate Action
- Coast, Country and Environment
- Corporate Services and COVID-19 Response and Recovery
- Democracy and Transparency
- Economy and Assets
- Finance
- Policy Co-ordination and Regional Engagement
- Strategic Planning
- Sustainable Homes and Communities

Financial implications:

There are no direct financial implications identified.

Legal implications:

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

Equalities impact Low Impact

Climate change Low Impact

Risk: Low Risk;

Links to background information [Approved Internal Audit Plan 2020/21 – Audit and Governance Meeting September 2020](#) item 40

Link to [Council Plan](#):

Priorities (check which apply)

- Outstanding Place and Environment
- Outstanding Homes and Communities
- Outstanding Economic Growth, Productivity, and Prosperity
- Outstanding Council and Council Services



East Devon District Council

Report of Internal Audit Activity

2020-21 Outturn Report July 2021

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The contacts at SWAP in connection with this report are:

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Internal Audit Plan Outturn 2020-21

Our audit activity is split between:

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



Role of Internal Audit

The Internal Audit service for the East Devon District Council is provided by South West Audit Partnership Limited (SWAP). SWAP is a Local Authority controlled Company. SWAP has adopted and works to the Standards of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS), and also follows the CIPFA Code of Practice for Internal Audit. The Partnership is also guided by the Internal Audit Charter approved by the Audit and Governance Committee at its meeting in March 2020.

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

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

Internal Audit work is largely driven by an Annual Audit Plan. This is approved by the Section 151 Officer, following consultation with the Senior Management Team. This year's Audit Plan was reported to and approved by this Committee at its meeting in March 2020. Audit assignments are undertaken in accordance with this Plan to assess current levels of governance, control and risk.

Internal Audit Plan Outturn 2020-21

Outturn to Date:

We rank our recommendations on a scale of 1 to 3, with 3 being minor or administrative concerns to 1 being areas of major concern requiring immediate corrective action.



Internal Audit Work Programme Update

The schedule provided at **Appendix B** contains a list of all audits as agreed in the Annual Audit Plan 2020/21. It is important that Members are aware of the status of all audits and that this information helps them place reliance on the work of Internal Audit and its ability to complete the plan as agreed.

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

The following table summarised Audits finalised since the last update in March 2021:

Audit Area	Quarter	Status	Opinion
Ethical Governance & Culture	1	Final	Reasonable
Procurement	3	Final	Reasonable
Firmstep – Digital Transformation	3	Final	Limited
Corporate Properties – H&S Compliance	3	Final	Reasonable
Council Tax	4	Final	Substantial
Integrated Asset Management Contract	4	Final	Limited

Internal Audit Plan Outturn 2020-21

Outturn to Date:

We rank our recommendations on a scale of 1 to 3, with 3 being minor or administrative concerns to 1 being areas of major concern requiring immediate corrective action.



Internal Audit Work Programme Update Continued

Audit Area	Quarter	Status	Opinion
Council Baselines Assessment of Maturity for Fraud Prevention	4	Final	Advisory
Corporate H&S Follow up	4	Final	Advisory
Data Protection (GDPR)	4	Final	Advisory
Council Tax Reduction	4	Final	Advisory
New: Covid-19 grants Q4 – Spotlight Checking	4	Final	Advisory
New: Covid-19 Fraud Risk Assessment	4	Final	Advisory

Please see the Limited/No Assurance section below for further information on the Limited Assurance review.

Significant Corporate Risks

Identified Significant Corporate Risks should be brought to the attention of the Audit Committee.

Completed Assignments:

Summary of work completed with a focus on the high priority issues that we believe should be brought to the attention of the Audit Committee.

- Limited or No Assurance Opinions
- Follow-ups



Significant Corporate Risks

We provide a definition of the 3 Risk Levels applied within audit reports and these are detailed in **Appendix A**. For those audits which have reached report stage through the year, I will report risks we have assessed as 'High'.

In this update there are no final reports included with significant corporate risks.



Summary of Work Completed – Limited or No Assurance Opinions

In this report there are two final reports included with Limited Assurance Opinions.

Firmstep – Digital Transformation – Limited

Firmstep is the digital platform currently being implemented by EDDC. It is a replacement for Lagan and the objective for replacing it was to offer customers increasing complex services online.

The objective of the audit was to establish whether the roll out of Firmstep is meeting its objectives and achieving the benefits agreed. We concluded that there was a medium risk of this objective not being met resulting in reputational damage, and increased service delivery costs.

Strata have rolled out or are in the processing of rolling out Firmstep across Teignbridge DC, Exeter CC and EDDC. As of October 2020, EDDC had 54 processes live on Firmstep. There has been a delay in the project roll out due to the Executive Sponsor of the project (the former Strategic Lead – HR and Organisational Development) having other operational pressures, being long term absent and then subsequently leaving the Council. The Officer who was given the responsibility of managing the project also left in summer 2020 and there has been a delay in finding a replacement due to not being able to find someone suitable and lack of clarity around the role and responsibilities required.

Actions agreed related to the lack of effective project management arrangements in place around benefits realisation and post implementation reviews.

Completed Assignments:

Summary of work completed with a focus on the high priority issues that we believe should be brought to the attention of the Audit Committee.

- Limited or No Assurance Opinions
- Follow-ups

Summary of Work Completed – Limited or No Assurance Opinions

Integrated Asset Management Contract – Limited

The Integrated Asset Management Contract has been in place since July 2019. The objectives of the audit were as follows:

- To confirm that there are appropriate governance and relationship management arrangements in place.
- To confirm that the price per property exclusions, the servicing/cyclical maintenance and recovery of void costs is appropriately managed.

The team have been working hard to manage the contract between EDDC and Ian Williams despite the Covid-19 pandemic and the changes in management. However, some of the controls are not operating as effectively as expected in a contract of this size and type. It was noted that at the end of 2020/21 that only 46% of the KPI's were green with 36% of the KPI recorded as red and 18% as amber. Although this is being closely monitored this has contributed to the risk remaining as medium.

Key Findings identified were as follows:

- The Risk register is not being regularly updated or presented at the Core Group.
- Although the contract generally operated effectively during the Covid-19 pandemic, a Business Continuity Plan has not been drawn up and approved.
- EDDC currently do not hold any records of compliance for the regular service and inspections and undertaken by Ian Williams.
- The Contract variation process needs to be drawn up and agreed to prevent any future delays or misunderstandings regarding the process required.

It is important to note that actions are already being undertaken in response to the findings raised. We will follow up on these recommendations later in the year to confirm recommendations have been implemented and report back to the Audit Committee.

Completed Assignments:

Summary of work completed with a focus on the high priority issues that we believe should be brought to the attention of the Audit Committee.

- Limited or No Assurance Opinions
- Follow-ups

Summary of Work Completed – Follow Up Audits

Data Protection (GDPR) – Follow up

We completed a follow up of the 2019/20 Data Protection audit which received a limited assurance opinion.

Due to an unprecedented year, there has been limited progress to complete the actions.

Progress Summary				
	Complete	In Progress	Not Started	Total
Priority 1	0	0	0	0
Priority 2	0	2	3	5
Priority 3	3	1	3	7
Total	3	3	6	12

Due to the changes in working practices and the limited actions completed we consider the residual risk around data protection remain as medium risk, as reported in the 2019/20 report. We will therefore be undertaking a further data protection review in Quarter 4 of 2021/22 and this will include confirming that the actions outstanding have been addressed together with the impact of changes working practices on data protection.

Internal Audit Plan Outturn 2020-21

Completed Assignments:

Summary of work completed with a focus on the high priority issues that we believe should be brought to the attention of the Audit Committee.

- Limited or No Assurance Opinions
- Follow-ups

Summary of Work Completed – Follow Up Audits

Corporate Health and Safety – Follow up

We completed a follow up of the 2019/20 Corporate Health and Safety audit which received a limited assurance opinion.

Progress Summary				
	Complete	In Progress	Not Started	Total
Priority 1	0	0	0	0
Priority 2	0	3	1	4
Priority 3	0	3	0	3
Total	0	6	1	7

The Covid pandemic has caused a delay in progressing the actions agreed in the audit. The pandemic has meant that the team have not been in normal operations for over a year. The H&S priorities that SMT focussed on related to the review of revised risk assessments and creation of working methods, rather than the training and reporting systems that were recommended. Formal revised timescales have not been agreed for all actions as they are of an ongoing nature, or the process are continually evolving due the changing risk landscape.

This change in risk landscape in the last year has resulted in some health and safety risks decreasing but there are other new risks that have arisen. We therefore consider that the risk to staff remains a medium risk.

We will follow up progress on these actions as part of the audit on the new arrangements around Health and Safety planned for later in 2021/22

Completed Assignments:

Summary of work completed with a focus on the high priority issues that we believe should be brought to the attention of the Audit Committee.



Summary of Work Completed

Baseline Assessment of Maturity for Fraud

Local authorities have responsibilities for the effective stewardship of public money and for safeguarding against losses due to fraud and corruption. The Audit, Governance and Standards Committee should have oversight of the authority's counter fraud strategy, assessing whether it meets recommended practice and governance standards and complies with legislation such as the Bribery Act 2010.

To assist in this oversight a baseline assessment has been completed at East Devon District Council in line with requirements of the Fighting Fraud and Corruption Locally Strategy. Each of the 27 requirements have been given a red, amber or green, rating based on a corporate view across the organisation. The report for this work comes complete with an action roadmap for improvement and can be revisited in 12 months' time to demonstrate the direction of travel and any progress, including the improvement of maturity position. A full copy of the report and findings has been shared with the Audit and Governance Committee, together with the wider benchmarking report. Copies of the two reports are also available on the Audit Document Library. The chart below summarises the assessments outcomes against the 6 key theme area.

Baseline Assessment of Six Themed Areas



Internal Audit Plan Outturn 2020-21

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



SWAP Performance

SWAP now provides the Internal Audit service for 24 public sector bodies. SWAP performance is subject to regular monitoring review by both the Board and the Member Meetings. The respective outturn performance results for Somerset West and Taunton for the 2020/21 (as of July 2021) were as follows:

Performance Target	Target Year End	Average Performance
<p><u>Audit Plan – Percentage Progress</u> Final, Draft and Discussion In progress Not Started</p>	>90%	96% 4% 0%
<p><u>Quality of Audit Work</u> Customer Satisfaction Questionnaire</p>	>95%	100%
<p><u>Outcomes from Audit Work</u> Value to the Organisation <i>(client view of whether our audit work met or exceeded expectations, in terms of value to their area)</i></p>	>95%	100%

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Internal Audit Plan Outturn 2020-21

We keep our audit plans under regular review so as to ensure that we are auditing the right things at the right time. Due to Covid-19 the plan priority areas will be agreed on a quarter-by-quarter basis.



Approved changes to the Plan

The audit plan for 2020/21 is detailed in **Appendix B**. Due to the impact of Covid-19 and the requests for some additional work to be added to the plan during the year we have had to remove some audits from the annual plan. The Plan has remained flexible throughout the year and targeted short-term priorities as agreed with SMT. There are no changes to the 2020-21 Audit Plan since our last update report to Audit Committee in March 2021.

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Assurance Definitions

No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control are inadequate to effectively manage risks to the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Substantial	A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Non-Opinion/Advisory	In addition to our opinion-based work we will provide consultancy services. The “advice” offered by Internal Audit in its consultancy role may include risk analysis and evaluation, developing potential solutions to problems and providing controls assurance.

Definition of Corporate Risks

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

Categorisation of Recommendations

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

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

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Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 - Major 3 - Minor			Comments
						1	2	3	
FINAL									
Operational Audit	Affordable Housing	1	Final	Reasonable	2	0	2	0	
Governance Fraud and Corruption ²	Discretionary Grant – Spotlight checks & Advice	1	Final	Advisory	0	0	0	0	
Governance Fraud and Corruption	Audit Committee Benchmarking	1	Final	Advisory	0	0	0	0	
Operational	Green Waste	1	Final	Reasonable	4	0	2	2	
Governance, Fraud, Corruption	Ethical Governance & Culture	1	Final	Reasonable	3	0	0	3	
Governance, Fraud and Corruption	Asset Register	2	Final	Reasonable	6	0	2	4	
Governance, Fraud and Corruption	S106/CIL Audit	2	Final	Limited	4	0	2	2	
Governance, Fraud and Corruption	Housing – H&S Compliance (Gas Safety)	2	Final	Reasonable	3	0	1	2	
Key Controls	Creditors	2	Final	Substantial	2	0	0	2	
Governance, Fraud, Corruption	Corporate Properties – H&S Compliance	2	Final	Reasonable	5	0	2	3	
Governance, Fraud, Corruption	New: Covid-19 Grants Q3 Spotlight checks.	3	Final	Advisory	0	0	0	0	

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Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 - Major 3 - Minor			Comments
						1	2	3	
Governance, Fraud and Corruption	Performance Management	3	Final	Reasonable	3	0	0	3	
Governance, Fraud, Corruption	Firmstep – Digital Transformation	3	Final	Limited	5	0	5	0	
Key Control	New Council Tax Reduction Scheme	3	Final	Advisory	0	0	0	0	
Governance, Fraud, Corruption	Procurement	4	Final	Reasonable	9	0	2	7	
Key Control	Council Tax	4	Final	Substantial	0	0	0	0	
Governance, Fraud, Corruption	Integrated Asset Management Contract	4	Final	Limited	9	0	6	3	
Governance, Fraud, Corruption	New: Council Baseline Assessment of Maturity for Fraud Prevention	4	Final	Advisory	0	0	0	0	
Follow up	Corporate Health and Safety	4	Final	Follow up	0	0	0	0	
Follow up	Data Protection (GDPR)	4	Final	Follow up	0	0	0	0	
Governance, Fraud, Corruption	New: Covid-19 grants Q4 – Spotlight Checking	4	Final	Advisory	0	0	0	0	
Governance, Fraud, Corruption	New: Covid-19 Fraud Post-Payment Risk Assessment	4	Final	Advisory	0	0	0	0	

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Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 - Major 3 - Minor			Comments
						1	2	3	
Governance, Fraud, Corruption	NEW: Fraud Risks – Impact of Covid-19	4	Final	Advisory	1	0	1	0	
IN PROGRESS									
Governance, Fraud, Corruption	New: Fraud Risk Assessment	4	In Progress						
DEFERRED OR REMOVED									
Governance, Fraud, Corruption	Decision Making	4	Deferred			Moved to Quarter 2 – 2021/22 at request of Strategic Lead – Governance and Licensing			
Governance, Fraud, Corruption	LED Contract Management	4	Deferred			Moved to Quarter 1 – 2021/22 at request of Strategic Lead – Housing, Health and Environment			
Governance, Fraud, Corruption	Commercialisation Strategy	3	Removed			Replaced with Covid-19 Grants Q3 Spotlight checks.			
Operational Audits	Disabilities Facilities Grants and Better Care Funds	4	Removed			Replaced with Fraud Risks – Impact of Covid-19			
Operational Audits	Private Sector Housing – Fines for Non-compliance	4	Removed			Replaced with Council Baseline Assessment of Maturity for Fraud Prevention and Fraud Risk Assessment			
Key Controls	Accounts Receivable	4	Deferred			Replaced with Covid-19 grants Q4 – Pre and post checks			

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Report to: Audit and Governance Committee

Date of Meeting 23 September 2021

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A



Annual Assurance Opinion (2020/21) – July 2021

Report summary:

The Internal Audit function plays a central role in corporate governance by providing assurance to the Annual Audit, Governance and Standards Committee, looking over financial controls and checking on the probity of the organisation.

The 2020-21 Annual Audit Plan provided independent and objective assurance on EDDC Internal Control Environment. This work supported the Annual Governance Statement.

Recommendation:

Members are asked to note the Annual Opinion on the effectiveness of governance, risk and control in the delivery of EDDC Objectives.

Reason for recommendation:

It is a requirement that the Audit and Governance Committee note the Annual Opinion.

Officer: Alastair Woodland, Assistant Director, SWAP.

Portfolio(s) (check which apply):

- Climate Action
- Coast, Country and Environment
- Corporate Services and COVID-19 Response and Recovery
- Democracy and Transparency
- Economy and Assets
- Finance
- Policy Co-ordination and Regional Engagement
- Strategic Planning
- Sustainable Homes and Communities

Financial implications:

There are no direct financial implications identified.

Legal implications:

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

Equalities impact Low Impact

Climate change Low Impact

Risk: Low Risk;

Links to background information N/A

Link to [Council Plan](#):

Priorities (check which apply)

- Outstanding Place and Environment
- Outstanding Homes and Communities
- Outstanding Economic Growth, Productivity, and Prosperity
- Outstanding Council and Council Services

East Devon District Council

Internal Audit Annual Opinion Report 2020/21

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Internal Audit Annual Opinion – 2020/21: ‘At a Glance’

Annual Opinion



There is generally a sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives.

The Headlines

	No Significant Risk identified in year after testing the controls in place.
	24 reviews delivered as part of the 2020/21 Internal Audit Plan. Includes assurance, advisory and follow up reviews (23 final, 1 in progress).
	Internal Audit staff assisted with the COVID response. COVID 19 Grant Spotlight Checking for all grants, support with post-payment checking.
	Range of innovations and enhancements made to our internal audit process throughout the year. One-page audit report, introduction of Agile auditing and planning.

Internal Audit Assurance Opinions 2020/21 *

Substantial	2
Reasonable	8
Limited	3
No Assurance	0
Advisory / Follow Up	10

Internal Audit Agreed Actions 2020/21*

Priority 1	0
Priority 2	25
Priority 3	31
Total	56

*Final Reports only



SWAP
INTERNAL AUDIT SERVICES
Assuring – Improving – Protecting

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note.

Executive Summary

Internal Audit provides an independent and objective opinion on the effectiveness of the Authority's risk management, control and governance processes.



Purpose

The Head of Internal Audit (SWAP Assistant Director) should provide a written annual report to those charged with governance to support the Authority's Annual Governance Statement (AGS). This report should include the following:

- An opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and internal control environment, including an evaluation of the following:
 - the design, implementation and effectiveness of the organisation's ethics-related objectives, programmes and activities;
 - whether the information technology governance of the organisation supports the organisation's strategies and objectives;
 - the effectiveness of risk management processes; and
 - the potential for the occurrence of fraud and how the organisation manages fraud risk.
- Disclose any qualifications to that opinion, together with the reasons for the qualification.
- Present a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies.
- Draw attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement.
- Compare the work actually undertaken with the work that was planned and summarise the performance of the internal audit function against its performance measures and criteria.
- Comment on compliance with these standards and communicate the results of the internal audit quality assurance programme.

The purpose of this report is to satisfy this requirement and Members are asked to note its content and the Annual Internal Audit Opinion given.



Executive Summary

Three Lines Model

To ensure the effectiveness of an organisation's risk management framework, the Audit and Governance Committee and senior management need to be able to rely on adequate line functions – including monitoring and assurance functions – within the organisation.

The 'Three Lines' model is a way of explaining the relationship between these functions and as a guide to how responsibilities should be divided:

- the first line – functions that own and manage risk.
- the second line – functions that oversee or specialise in risk management, compliance.
- the third line – functions that provide independent assurance.

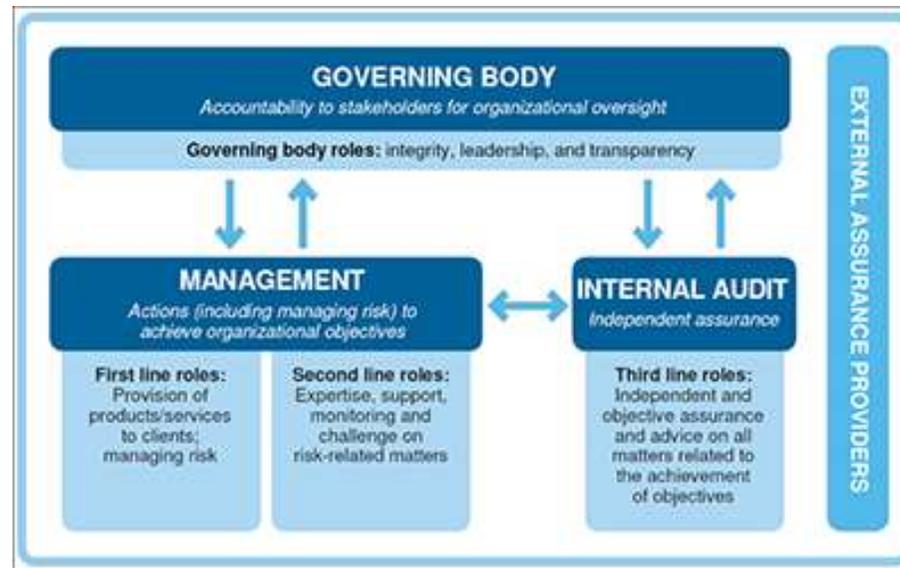


Background

The Internal Audit service for East Devon District Council is provided by SWAP Internal Audit Services. The team's work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note. The work of the team is guided by the Internal Audit Charter which is reviewed annually.

Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. This report summarises the activity of the Internal Audit team for the 2020/21 year.

The position of Internal Audit within an organisation's governance framework is best summarised in the Three Lines model shown below.



Internal Audit Annual Opinion 2020/21

The Head of Internal Audit (SWAP Assistant Director) is required to provide an opinion to support the Annual Governance Statement.



Annual Opinion

On the balance of our 2020/21 audit work for East Devon District Council, I am able to offer a **Reasonable Assurance** opinion in respect of the areas reviewed during the year.

Just as in more normal times, audit work has been planned to ensure that sufficient assurance will be available to support the annual opinion. The professional requirements of PSIAS have remained unchanged and in line with these, new audit priorities to cover the risks from the impact of COVID-19 have been agreed throughout the year and that work supports the annual opinion.

The additional audits performed to carry out assurance work on new risks associated with the Covid-19 emergency response were:

- Discretionary Grants – Spotlight checks and advice
- *Covid-19 Grants Q3 Spotlight checks*
- *Covid-19 Grants Q4 – Spotlight checks*
- *Covid-19 – Post-Payment Fraud Risk Assessment*
- *Fraud Risks – Impact of Covid-19*

It has been agreed to defer some of the audit work to 2021/22 and this has been reported throughout the year to the Audit, Governance Committee.

The following are considered key pieces of audit work that support the annual opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and control:

The Head of Internal Audit (SWAP Assistant Director) is required to provide an opinion to support the Annual Governance Statement.

Annual Opinion

- *Procurement*
- *Performance Management*
- *Integrated Asset Management Contract*
- *Ethical Governance & Culture*
- *Baseline Assessment of Maturity for fraud.*

Throughout a challenging year, we have tried to ensure a balance between providing direct assistance to the Council and maintaining a continuum of audit work. We are pleased to report we have achieved this, although it must be recognised coverage is not comparable to previous or 'normal' years. The table at Figure 1 below attempts to capture our audit coverage this year, mapped against the Authority's key risks. It must be noted that it is not possible to cover all key risks in any one year but to provide coverage over the medium term.

In terms of limitations on the annual audit opinion I would remind the Audit Committees that this opinion does not cover assurance over the ICT control environment. Strata is subject to internal audit by the Devon Audit Partnership and the Audit Committee should seek necessary assurances over how well governance, risk and control has been managed during 2020-21.

Summary of Audit Work 2020/21

Definitions of Corporate Risk

High Risk

Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.

Medium Risk

Issues which should be addressed by management in their areas of responsibility.

Low Risk

Issues of a minor nature or best practice where some improvement can be made.



Significant Corporate Risks

Our audits examine the controls that are in place to manage the risks that are related to the area being audited. We assess the risk at a 'Corporate' level once we have tested the controls in place. Where the controls are found to be ineffective and the 'Corporate risk' as 'High' these are brought to the Audit Committees attention. For those audits which have reached report stage through the year, we have assessed the following risks as 'High'.

Review Name / Risks
No risks identified as High during period.

Summary of Limited Assurance Audits

Audit Name	Risk Rating	Priority Findings		
		1	2	3
S106/CIL	Medium	0	2	2
Firmstep	Medium	0	5	0
Integrated Asset Management Contract	Medium	0	6	3

Note all these audits have been reported throughout 2020-21 to the Audit, Governance & Standards Committee.

Summary of Audit Work 2020/21

At the conclusion of an audit assignment each review is awarded an Audit Assurance Opinion:

- **Substantial** - A sound system of governance, risk management and control exists.
- **Reasonable** - Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives.
- **Limited** - Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives.
- **None** - The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives.



Summary of Audit Opinion

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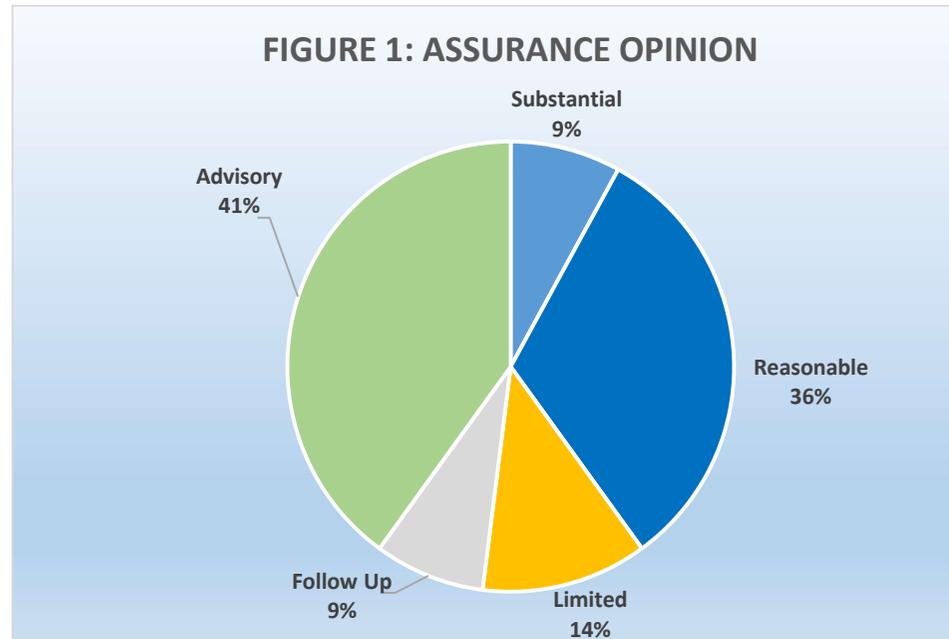


Figure 1 above indicates the spread of assurance opinions across our work during the past year (2020-21). Due to Covid-19 more time has been spent on 'Advisory' work.



Summary of Audit Work 2020/21

SWAP Performance - Summary of Audit Actions by Priority

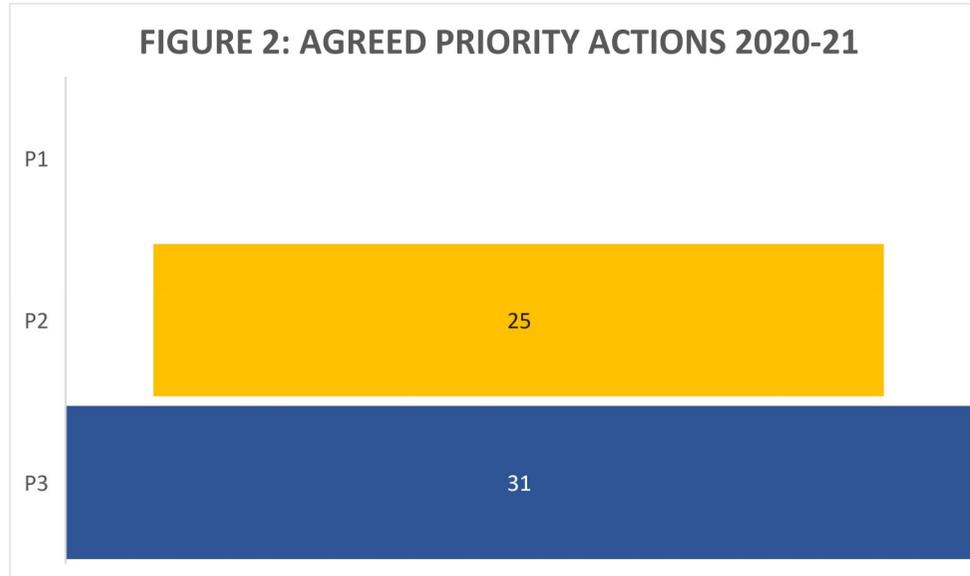


Priority Actions

We rank our actions on a scale of 1 to 3, with 3 being medium or administrative concerns to 1 being areas of major concern requiring immediate corrective action

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FIGURE 2: AGREED PRIORITY ACTIONS 2020-21



Added Value

Extra work that goes beyond the standard expectations and provides something that is beneficial to the customer for little or no extra cost.



Added Value

Throughout the year, SWAP strives to add value wherever possible i.e. going beyond the standard expectations and providing something 'more' while adding little or nothing to the cost.

Benchmarking

During the year we have provided benchmarking data across either the SWAP partnership or the wider reach of the Local Authority Chief Auditors Network (LACAN) for:

- Baseline Assessment of Maturity for Fraud comparison.
- Risk Management Maturity Benchmarking.
- Covid-19 Grant Controls.

Members Training

During November we ran a free Audit Committee Members training event to provide an overview of the role of the Audit Committee as well as 'hot topics' that should be on Audit Committee radars.

News Roundup

We produce a monthly newsletter that provides information on topical areas of interest for public sector bodies. During the early stages of Covid-19 we increased the frequency of our newsflash to weekly/Fortnightly to provide relevant information.

Innovations and Enhancements to our Audit Process

During this exceptional year, we have taken the opportunity to implement and introduce a number of innovations and enhancements to our audit process. This has included:

- Introducing the concept of 'Agile Auditing' to our audit process. With increased collaboration and a joint commitment with the service under review, it is possible to complete audits faster and more efficiently. We have used this concept to complete a number of audits this year.

Added Value

Extra feature(s) of an item of interest (product, service, person etc.) that go beyond the standard expectations and provide something more while adding little or nothing to its cost.

Added Value

- With the help of SWAP's two newly appointed Data Analysts, we are looking to include analysis of data as part of our auditing wherever possible. This allows us not only the opportunity to test whole populations of data, but where this is not possible or appropriate, to be able to use data analytics to target our testing in a more effective manner.
- SWAP's Counter Fraud Team has also facilitated access to counter fraud intelligence resources and issued alerts and newsletters to key officers in the Council.
- Introduced a new one-page audit report, that summarises all the key messages of the audit on one page for ease of consumption as well as increasing impact. Feedback on the report style has again been extremely positive.
- Introduced a new continuous audit planning and risk assessment process.

Internal audit is responsible for conducting its work in accordance with the Code of Ethics and Standards for the Professional Practice of Internal Auditing as set by the Institute of Internal Auditors and further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS).



SWAP Performance

SWAP’s performance is subject to regular monitoring and review by both the SWAP Board of Directors and the Owners Board. The respective outturn performance results for EDDC for the 2020/21 year are as follows:

Performance Target	Average Performance
<u>Audit Plan – Percentage Progress</u> Final, Draft and Discussion > 90% In progress/Review Yet to complete	96% 4% 0%
<u>Customer Satisfaction Questionnaire</u> Feedback Target > 95%	100%

SWAP work is completed to comply with the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note.

Under these standards we are required to be independently externally assessed at least every five years to confirm compliance to the required standards. SWAP was recently assessed in February 2020 and confirmed that we are in conformance to PSIAS.

Attribute Standard 1300 of the IPPF requires Heads of Internal Audit to develop and maintain a Quality Assurance and Improvement Programme (QA&IP). Standard 1310 continues this dual aspect by stating that the programme must include both internal and external assessments. This acknowledges that high standards can be delivered by managers, but it also implies that improvements can be further developed when benchmarking is obtained from outside the organisation and the internal audit function. Following our External Assessment, we have pulled together our QA&IP and included additional improvements and developments identified internally that we want to make, as aligned to SWAP’s Business Plan. The QA&IP is a live document and will be regularly reviewed by the SWAP Board to ensure continuous improvement and delivery on our actions.

Summary of Internal Audit Work 2020/21

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 - Major 3 - Minor			Comments
						1	2	3	
FINAL									
Operational Audit	Affordable Housing	1	Final	Reasonable	2	0	2	0	
Governance Fraud and Corruption ²	Discretionary Grant – Spotlight checks & Advice	1	Final	Advisory	0	0	0	0	
Governance Fraud and Corruption	Audit Committee Benchmarking	1	Final	Advisory	0	0	0	0	
Operational	Green Waste	1	Final	Reasonable	4	0	2	2	
Governance, Fraud, Corruption	Ethical Governance & Culture	1	Final	Reasonable	3	0	0	3	
Governance, Fraud and Corruption	Asset Register	2	Final	Reasonable	6	0	2	4	
Governance, Fraud and Corruption	S106/CIL Audit	2	Final	Limited	4	0	2	2	
Governance, Fraud and Corruption	Housing – H&S Compliance (Gas Safety)	2	Final	Reasonable	3	0	1	2	
Key Controls	Creditors	2	Final	Substantial	2	0	0	2	
Governance, Fraud, Corruption	Corporate Properties – H&S Compliance	2	Final	Reasonable	5	0	2	3	
Governance, Fraud, Corruption	New: Covid-19 Grants Q3 Spotlight checks.	3	Final	Advisory	0	0	0	0	

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Plan Performance 2020/21

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 - Major 3 - Minor			Comments
						1	2	3	
Governance, Fraud and Corruption	Performance Management	3	Final	Reasonable	3	0	0	3	
Governance, Fraud, Corruption	Firmstep – Digital Transformation	3	Final	Limited	5	0	5	0	
Key Control	New Council Tax Reduction Scheme	3	Final	Advisory	0	0	0	0	
Governance, Fraud, Corruption	Procurement	4	Final	Reasonable	9	0	2	7	
Key Control	Council Tax	4	Final	Substantial	0	0	0	0	
Governance, Fraud, Corruption	Integrated Asset Management Contract	4	Final	Limited	9	0	6	3	
Governance, Fraud, Corruption	New: Council Baseline Assessment of Maturity for Fraud Prevention	4	Final	Advisory	0	0	0	0	
Follow up	Corporate Health and Safety	4	Final	Follow up	0	0	0	0	
Follow up	Data Protection (GDPR)	4	Final	Follow up	0	0	0	0	
Governance, Fraud, Corruption	New: Covid-19 grants Q4 – Spotlight Checking	4	Final	Advisory	0	0	0	0	
Governance, Fraud, Corruption	New: Covid-19 Fraud Post-Payment Risk Assessment	4	Final	Advisory	0	0	0	0	
Governance, Fraud, Corruption	NEW: Fraud Risks – Impact of Covid-19	4	Final	Advisory	1	0	1	0	

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Plan Performance 2020/21

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 - Major 3 - Minor			Comments
						1	2	3	
IN PROGRESS									
Governance, Fraud, Corruption	New: Fraud Risk Assessment	4	In Progress						
DEFERRED OR REMOVED									
Governance, Fraud, Corruption	Decision Making	4	Deferred						Moved to Quarter 2 – 2021/22 at request of Strategic Lead – Governance and Licensing
Governance, Fraud, Corruption	LED Contract Management	4	Deferred						Moved to Quarter 1 – 2021/22 at request of Strategic Lead – Housing, Health and Environment
Governance, Fraud, Corruption	Commercialisation Strategy	3	Removed						Replaced with Covid-19 Grants Q3 Spotlight checks.
Operational Audits	Disabilities Facilities Grants and Better Care Funds	4	Removed						Replaced with Fraud Risks – Impact of Covid-19
Operational Audits	Private Sector Housing – Fines for Non-compliance	4	Removed						Replaced with Council Baseline Assessment of Maturity for Fraud Prevention and Fraud Risk Assessment
Key Controls	Accounts Receivable	4	Deferred						Replaced with Covid-19 grants Q4 – Pre and post checks

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Report to: Audit and Governance Committee

Date of Meeting 23 September 2020

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A



Internal Audit Plan Progress September 2021 (2021/22)

Report summary:

This report is to provide an update on the 2021/22 Internal Audit Plan as at September 2021.

Recommendation:

Members are asked to note progress made in delivery of the 2021/22 internal audit plan and findings Reported.

Reason for recommendation:

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

Officer: Alastair Woodland, Assistant Director, SWAP.

Portfolio(s) (check which apply):

- Climate Action
- Coast, Country and Environment
- Corporate Services and COVID-19 Response and Recovery
- Democracy and Transparency
- Economy and Assets
- Finance
- Policy Co-ordination and Regional Engagement
- Strategic Planning
- Sustainable Homes and Communities

Financial implications:

There are no direct financial implications identified.

Legal implications:

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

Equalities impact Low Impact

Climate change Low Impact

Risk: Low Risk;

Links to background information [Internal Audit Plan 2021/22](#)

Link to [Council Plan](#):

Priorities (check which apply)

- Outstanding Place and Environment
- Outstanding Homes and Communities
- Outstanding Economic Growth, Productivity, and Prosperity
- Outstanding Council and Council Services



East Devon District Council

Report of Internal Audit Activity

Plan Progress 2021/22 September 2021

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Internal Audit Plan Progress 2021-22

Our audit activity is split between:

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



Role of Internal Audit

The Internal Audit service for the East Devon District Council is provided by South West Audit Partnership Limited (SWAP). SWAP is a Local Authority controlled Company. SWAP has adopted and works to the Standards of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS), and also follows the CIPFA Code of Practice for Internal Audit. The Partnership is also guided by the Internal Audit Charter which was presented at the March 2021 Audit and Governance Committee.

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

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

Internal Audit work is largely driven by an Annual Audit Plan. This is approved by the Senior Management Team in March 2021 following a consultation exercise. The 2021-22 Audit Plan was reported to the Audit and Governance Committee and approved at its meeting in March 2021. Audit assignments are undertaken in accordance with this Plan to assess current levels of governance, control and risk within East Devon District Council.

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Internal Audit Plan Progress 2021-22

Outturn to Date:

We rank our recommendations on a scale of 1 to 3, with 3 being minor or administrative concerns to 1 being areas of major concern requiring immediate corrective action.



Internal Audit Work programme

The schedule provided at **Appendix B** contains a list of all audits in the draft plan for 2021-22. It is important that Members are aware of the status of all audits and that this information helps them place reliance on the work of Internal Audit and its ability to complete the plan as agreed.

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

The following table summarises the Audits finalised from the 2021/22 Plan:

Audit Area	Quarter	Status	Opinion
Payroll	1	Final	Substantial
Health and Wellbeing	1	Final	Reasonable
S106/CIL	1	Final	Follow up
Spotlight Checking – Restart Grants	1	Final	Advisory

Internal Audit Plan Progress 2021-22

Significant Corporate Risks

Identified Significant Corporate Risks should be brought to the attention of the Audit Committee.

Completed Assignments:

Summary of work completed with a focus on the high priority issues that we believe should be brought to the attention of the Audit Committee.

- Limited or No Assurance Opinions
- Follow-ups



Significant Corporate Risks

We provide a definition of the 3 Risk Levels applied within audit reports and these are detailed in **Appendix A**. For those audits which have reached report stage through the year, I will report risks we have assessed as 'High'.

In this update there are no final reports included with significant (High) corporate risks.



Summary of Work Completed – Limited or No Assurance Opinions

There are no audits that have been offered a Limited or No Assurance Opinion.

Completed Assignments:

Summary of work completed with a focus on the high priority issues that we believe should be brought to the attention of the Audit Committee.

- Limited or No Assurance Opinions
- Follow-ups



Summary of Work Completed – Follow up Audits

Section 106 and CIL – Follow up Audit

The original audit of Section 106/Community Infrastructure Levy (CIL) Audit was completed in December 2020 and received a Limited assurance opinion. The objective of the audit was to ensure that appropriate arrangements are in place to manage the receipt and expenditure of S106 and CIL contributions.

findings from the audit follow up have been summarised below.

Progress Summary				
	Complete	In Progress	Not Started	Total
Priority 1	0	0	0	0
Priority 2	2	0	0	2
Priority 3	2	0	0	2
Total	4	0	0	0

We are pleased to report that all actions agreed in the report issued in December 2020 have now been completed. Two temporary members of staff started in February and April, and they have been helping address the backlog of actions outstanding on Exacom. They are under contract until August and October respectively.

The Participatory Budgeting Guide has been updated and the public facing Exacom is now live. A S106 and CIL update report produced by the Service Lead-Planning is also scheduled to be presented to the Audit and Governance Committee. Further information is provided within that agenda item.

Internal Audit Plan Progress 2021-22

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



SWAP Performance

SWAP now provides the Internal Audit service for 25 public sector bodies. SWAP performance is subject to regular monitoring review by both the Board and the Member Meetings. The respective outturn performance results for East Devon District Council for the 2021/22 (as of 6 September 2021) were as follows:

Performance Target	Target Year End	Average Performance
<p><u>Audit Plan – Percentage Progress</u> Final, Draft and Discussion In progress Not Started</p>	>90%	28% 21% 52%
<p><u>Quality of Audit Work</u> Customer Satisfaction Questionnaire</p>	>95%	100%
<p><u>Outcomes from Audit Work</u> Value to the Organisation <i>(client view of whether our audit work met or exceeded expectations, in terms of value to their area)</i></p>	>95%	Year end

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We keep our audit plans under regular review so as to ensure that we are auditing the right things at the right time. Due to Covid-19 the plan priority areas will be agreed on a quarter-by-quarter basis.



Approved Changes to the Plan

The audit plan for 2021/22 is detailed in **Appendix B**. The priorities for Q3 and Q4 are yet to be finalised and may be subject to change. Members will note that, where necessary, any changes to the plan throughout the year will have been subject to agreement with the appropriate Service Lead and the Section 151 Officer.

The following audits have been added to the Internal Audit Plan:

- **Election Finances** – This was from a member request. The scope covers schedule of fees set and adhered to; staff expenditure related to elections is valid, authorised and coded correctly; miscellaneous expenditure is appropriate; and recharging of costs for non-district council elections are managed effectively.
- **Annual Leave Recording** – This piece of work was requested by S151 Officer after some inconsistencies were identified with how some staff are recording their annual leave.
- **Covid-19 Grants Post Payment Assurance** – this review has been split into two audits. A portion of the time for this audit was used to provide **Spotlight Checking for Restart Grants**. The remainder of the time has been used to provide post payment assurance checks around the Local Restriction Support Grant (LRSB) for both open and closed businesses for lock down two and three (November and January) as well as grants for the ‘wet’ pubs.
- **Integrated housing contract follow up** – We have scheduled in a follow up audit for quarter 4 on this area that was awarded limited Assurance.
- **Resilience Fund Grant Spotlight Checks** – We have had a request to provide support on the Spotlight checks that need to be undertaken for the award of these grants.

Assurance Definitions

No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control are inadequate to effectively manage risks to the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Substantial	A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Non-Opinion/Advisory	In addition to our opinion-based work we will provide consultancy services. The “advice” offered by Internal Audit in its consultancy role may include risk analysis and evaluation, developing potential solutions to problems and providing controls assurance.

Definition of Corporate Risks

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

Categorisation of Recommendations

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

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

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Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 - Major 3 - Minor			Comments
						1	2	3	
FINAL									
Assurance	Payroll	1	Final	Substantial	0	0	0	0	
Assurance	Health and Wellbeing	1	Final	Reasonable	4	0	2	2	
Follow up	S106/CIL	1	Final	Follow up	0	0	0	0	All actions are completed
Advisory	New: Spotlight Checking – Restart Grants	1	Final	Advisory	0	0	0	0	
DRAFT									
Assurance	LED	1	Draft						
Assurance	Corporate H&S – Revised Working arrangements	2	Review						
Assurance	Contract Management	1	Review						
Advisory	Post-Payment Assurance for Grant Schemes	1	Draft						
IN PROGRESS									
Advisory	Fraud Risk Assessment	1	In Progress						2020/21 Audit

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Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 - Major 3 - Minor			Comments
						1	2	3	
Assurance	New: Election Financing	2	In Progress						
Assurance	New: Annual Leave	2	In Progress						
Survey	Decision Making	2	In Progress						
Assurance	Fleet Management	2	In Progress						
Assurance	Risk Management	2	In Progress						
NOT STARTED									
Assurance	Financial Planning (MFTP)	2	Not started						
Assurance	ICT Assurance	2	Not Started						
Assurance	Workforce Planning	2	Not Started						
Indicative Audits for Quarters 3 and 4									
Assurance	Play Schemes/Areas	3	Not started						
Assurance	Debtors	3	Not started						

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Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 - Major 3 - Minor			Comments
						1	2	3	
Advisory	New: Resilience Fund Grant Spotlight Checks	3	Not started						Management Request piece of work.
Assurance	Main Accounting	3	Not started						
Assurance	Housing Rents	3	Not started						
Assurance	Housing Benefit/Council Tax Support	3	Not started						
Assurance	Economic Resilience	3	Not started						
Assurance	Homelessness	3	Not started						
Assurance	Housing Compliance – Asbestos	4	Not started						
Assurance	Disabilities Facilities Grants (DFG)	4	Not started						
Assurance	Climate Change	4	Not started						
Assurance	New: Integrated Housing Management Contract – Follow up	4	Not started						

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Report to: Audit and Governance Committee



Date of Meeting 23 September 2021

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

Revenue and Capital Outturn Report 2020/21

Report summary:

The following report was presented to Cabinet on 14 July 2021. The report is presented to Audit & Governance Committee to inform the Committee of the financial outturn position for 2020/21 and to note the recommendations to Council.

The draft accounts are due to be published shortly along with the public inspection notice on the Council's website. Following publication the accounts will be presented to members for understanding and questioning.

The accounts will be subject to external audit by the Council's appointed auditors Grant Thornton UK LLP and will be presented back to committee for approval once this work is complete.

Is the proposed decision in accordance with:

Budget Yes No

Policy Framework Yes No

Recommendation:

To note the Revenue and Capital Outturn position for 2020/21 and the recommendations to Cabinet on 14 July 2021.

Reason for recommendation:

To report the Outturn position for the Council's approved budgets for the General Fund, Housing Revenue Account and Capital expenditure.

Members are asked to note the variations from the budgets identified within the report and consider the implications and proposals relating to the Balances and Reserves held by the Council, including the additional transfer of £0.806m from the General Fund Balance to the Medium Term Financial Plan Risk Reserve.

Officer: John Symes – Finance Manager, jsymes@eastdevon.gov.uk, 01395 517413

Portfolio(s) (check which apply):

- Climate Action and Emergencies
- Coast, Country and Environment
- Council and Corporate Co-ordination
- Culture, Tourism, Leisure and Sport
- Democracy and Transparency
- Economy and Assets
- Finance
- Strategic Planning
- Sustainable Homes and Communities

Equalities impact Low Impact

Climate change Low Impact

Risk: Low Risk; Financial monitoring reports have kept members informed during the year of budget variations and the projected outturn position of the Council's finances. At the beginning of the year concerns were raised with members over the financial implications of the Pandemic particularly around significant losses of revenue and additional costs being incurred.

Consideration was given to the need of an emergency budget to deal with the situation but the Government came forward with additional funding to support councils which was then factored into our financial reporting. From that stage onwards the Council has maintaining its net spending within overall approved budget levels and available General Fund Balance to meet additional costs. All predetermined Balance and Reserve levels were predicted to be maintained above the adopted minimum levels. This position has now proven correct in the final outturn position presented in this report. The report also looks at the monies the Council holds in balances and reserves and considers these in the light of the Council's future financial position and future Government funding cuts. Consideration is given to the Council's financial track record, internal and external audit reports on financial controls and is reflective of occurrences from external factors which affect the Council's finances.

Links to background information Contained in report attached

Link to [Council Plan](#):

Priorities (check which apply)

- Outstanding Place and Environment
- Outstanding Homes and Communities
- Outstanding Economic Growth, Productivity, and Prosperity
- Outstanding Council and Council Services

Financial implications:

Contained within the report

Legal implications:

Any legal implications are identified in the report and no further comment is required.

Date of Meeting 14 July 2021

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

Revenue and Capital Outturn Report 2020-2021

Report summary:

This report sets out the revenue budget and capital outturn positions at the end of the financial year. In what has been a very challenging year with the Covid-19 pandemic having a significant impact on all aspects of the council and its operations. Concerns over the council's finances were originally reported to members at the start of the pandemic but through Government support, tight financial controls and robust budget monitoring the position being reported of the Council remaining financial on track has proven correct with a favourable revenue outturn of £0.333m for the year ending 31 March 2021.

The report outlines the implications of these results on the Council's reserves and makes recommendations on any reserve transfers.

Central Government has provided financial support direct to the Council and for the Council to administer to support others in dealing with Covid-19. Details of grant received, spend and available balances are detailed at appendix 1. This has required careful monitoring during the year and completion of a number of Government returns.

The pandemic has had a significant impact upon the capital programme with expenditure of £10.615m and slippage of £9.507m. Details of capital expenditure is available at appendix 2.

The report also outlines the year end position of the Housing Revenue Account (HRA) at section 5 which includes variance analysis of the positive outturn of £3.594m and 31 March 2021 reserves position.

Is the proposed decision in accordance with:

Budget Yes No

Policy Framework Yes No

Recommendation:

1. That Cabinet considers and recommends to Council the outturn position for 2020/21 including the implications and proposals relating to the Balances and Reserves held by the Council.
2. That Cabinet recommend to Council that £0.806m is transferred from the General Fund Balance to the Medium Term Financial Plan Risk Reserve and the General Fund Balance is then retained at £3.8m (allowing for £122k to be used in 2021/22 in line with the approved budget), this being the upper end of the adopted range, as detailed in 3.2 of the report.

Reason for recommendation:

To report the outturn position for the Council's approved budgets for the General Fund, Housing Revenue Account and Capital Expenditure. This financial position will align to the Council's Statement of Accounts but the position in this report is presented in a style that accords to the budget setting and monitoring reports that members receive.

Members are asked to note the variations from the budgets identified within the report and consider the final position.

It is appropriate at this stage to reflect on the reserves and balances held by the Council and determine if these are the right reserves at the right levels going forward.

Officer: John Symes – Finance Manager, jsymes@eastdevn.gov.uk, 01395 517413

Portfolio(s) (check which apply):

- Climate Action and Emergencies
- Coast, Country and Environment
- Council and Corporate Co-ordination
- Culture, Tourism, Leisure and Sport
- Democracy and Transparency
- Economy and Assets
- Finance
- Strategic Planning
- Sustainable Homes and Communities

Equalities impact Low Impact

Climate change Low Impact

Risk: Low Risk; Financial monitoring reports have kept members informed during the year of budget variations and the projected outturn position of the Council's finances. At the beginning of the year concerns were raised with members over the financial implications of the Pandemic particularly around significant losses of revenue and additional costs being incurred. Consideration was given to the need of an emergency budget to deal with the situation but the Government came forward with additional funding to support councils which was then factored into our financial reporting. From that stage onwards the Council has maintaining its net spending within overall approved budget levels and available General Fund Balance to meet additional costs. All predetermined Balance and Reserve levels were predicted to be maintained above the adopted minimum levels. This position has now proven correct in the final outturn position presented in this report. The report also looks at the monies the Council holds in balances and reserves and considers these in the light of the Council's future financial position and future Government funding cuts. Consideration is given to the Council's financial track record, internal and external audit reports on financial controls and is reflective of occurrences from external factors which affect the Council's finances.

Links to background information

Link to [Council Plan](#):

Priorities (check which apply)

- Outstanding Place and Environment
 - Outstanding Homes and Communities
 - Outstanding Economic Growth, Productivity, and Prosperity
 - Outstanding Council and Council Services
-

1. Introduction

- 1.1 This report compares the outturn position (actual amount spent or income received for the year) against budgets set for the financial year 2020/21 for the General Fund, Housing Revenue Account (HRA) and the Capital Programme.
- 1.2 During 2020/21 budget monitoring reports have informed members of budget variations and the anticipated year-end financial position. This report contains the final position for the year and compares this outturn position against the budgets set.
- 1.3 The report looks at the effect the outturn position has on the Council's balances and reserves and considers future policy for holding these sums.
- 1.4 The report contains the following sections:
- Section 2 General Fund Position
 - Section 3 Reserves Position
 - Section 4 Covid-19 Outturn
 - Section 5 Housing Revenue Account
 - Section 6 Capital Outturn

2. General Fund Position

- 2.1 The 2020/21 budget was set by Council with a net budget of £15.225m with no use of General Fund Balances and a Council Tax Requirement of £8.827m. The final year end outturn position has resulted in an underspend of £0.333m. This position arises from increased costs around leisure (LED support) and recycling and refuse collection, a large reductions in fees and charges but these costs having been offset with Government Covid funding and a significant uplift in business rate income giving the final positive outturn position.
- 2.2 There has been positive and negative variations against the budget set, the main reported areas being:

General Fund 2020/21 – main outturn variations against budget	Variation £000
Council & Grant Income	
Business Rates - £5.4m of business rates income was achieved in the year against a budget of £4.2m. Within the year all Retail, Leisure and Nursery sector businesses rates were waived and instead funded by a central government grant which mitigated the impact of the pandemic on income levels. Included within this Variation is an earmarked reserve contribution of £7.6m which is the East Devon portion of the collection fund deficit created by the loss of this income in collection fund which is carried forward in accounting terms, but the Council has been reimbursed this income through grant in 2020/21 – therefore this income has been set aside to meet the deficit in 2021/22.	1,265 (F)
Council Tax - The £138k additional amount of income above the precept and the £122k predetermined collection fund surplus.	138 (F)
Grant Funding - £1.76m in Covid 19 Local Authority Grant funding within the year. The additional £0.7m was received through the Government income compensation scheme, the offsets of which are commented on below.	2,489 (F)

Other Earmarked Reserves – please see table below	1,316 (A)
Interest – continued low interest rate environment	203 (A)
<u>Portfolio Variances – general costs</u>	
Salaries - The £349k budgeted salary saving was achieved after taking into consideration the impact of the £74k Furlough recovery which offset the increases in overtime and holiday pay seen in the year.	1 (A)
Agency - Street Scene, Environment & Revs and Bens to deal with absence cover/pandemic related issues	160 (A)
Redundancy – Mainly offset by transformation fund contribution of £109k as agreed by Council.	136 (A)
Training - Less possibilities to undertake training opportunities due to the pandemic	66 (F)
Transport - £50k savings on vehicle fuel and travelling - pandemic related	102 (F)
Premises - Driven by rates savings and water charges. A £100k Increase in Insurance costs in the year were offset by decreases across maintenance and contractor related expenditure	178 (F)
<u>Portfolio Variances – Specific Service Costs</u>	
LED additional subsidy less grant income	1,058 (A)
Car Parks - Pandemic related reduction in car park income which has been partially offset by the recovery seen in the Grant Funding line through the Government compensation scheme	890 (A)
Refuse Collection & Recycling - £300k agreed pandemic related contribution to Suez plus reduced income across the various income streams the most material being new property containers (£155k)	537 (A)
Beaches & Foreshores - Pandemic related reduction in income levels most notably from Beach Huts & Chalets (£179k)	221 (A)
Public Halls - Manor Pavillion Closed due to pandemic - reduced Income by £490k partially offset by the corresponding expenditure savings in performer fees	165 (A)
Corporate Buildings - Ocean venue net income exceeded the £50k budget by £173k which has been partially offset at the service level by reduced rentals achieved at the business centre	117 (F)
Growth Point - Annual Enterprise zone income allocated from the business rates collection fund which exceeded revenue expenditure in the year, all of the surplus has been allocated to the earmarked reserve.	142 (F)
Housing and Council Tax Benefits - Housing Benefits awarded and reduction in income from Housing Benefit overpayments	405 (A)
Financial Assistance - Less Grant contributions to the various schemes during the year as the pandemic impacted activities, most notably against the Crowdfunding Pilot where only £50k of a budgeted £140k was paid out.	131 (F)
Housing and Council Tax Admin - £576k in New Burdens Funding from Central Government to cover administration of the numerous grant schemes. £505k reserved to cover expenditure in the current financial year.	544 (F)
Other - Residual movements less than £100k across the portfolio	41 (A)

2.3 Services areas have seen large reductions in income and increased costs due to the pandemic. Additional government grant has been received in the year offsetting some of these costs. These pressures have remained in the new financial year and will be monitored carefully in 2021/22.

3. RESERVES POSITION

3.1 The overall General Fund Balance position at year end is given below, this shows the effect of the budgeted outturn variation of £0.333m.

General Fund Balance Position	£000
Opening Balance 1/4/2020	(6,395)
Agreed use of General Fund Balance in 2020/21	0
Transfer to MTFP risk reserve previously agreed by Council	2,000
Budgeted Outturn variation 2020/21	(0.333)
Closing Balance 31/3/2021	(4,728)

3.2 The General Fund Balance at £4.728m is £0.928m above the proposed adopted range which is between £3m and £3.8m. This represents 10% of our net budget equivalent to a two year operational period which gives £3m; to this is added £0.8m headroom to give £3.8m as a top of the range figure. This is the range we stipulate the General Fund Balance to be within before members need to take action; whether above or below the range.

In approving the 2021/22 budget Council agreed to final amendments to the budget in its final adoption, in the main the delay in car park charges planned for 1st April 2021 to be delayed until 1st April 2022. The impact of this and other amendments resulted in the need to use £122k of the General Fund Balance in 2021/22. With the General Fund Balance being £0.806m (£0.928m less £0.122m to be used in 2021/22) above the adopted range (and £1.606m above the minimum sum required to be held) it is proposed that:

- **£0.806m is transferred to Medium Term Financial Plan Risk Reserve**

In line with the creation of the Medium Term Financial Risk Reserve last year (current balance of £2m) it is proposed to add the sum of £0.806m over and above the upper end of the adopted General Fund range to mitigate against the financial risks identified in the Council's Medium Term Financial Plan (MTFP) of the possible changes in the Governments funding regimes namely Business Rate Retention and New Homes Bonus Grants.

The reserve can be used to fund services, if needed, whilst the Council reshapes its budget to meet the available resources at a point when it can determine the amount of savings required rather than take significant actions which effect services and staff when possibly they are not required to the extent or time predicted. Previous practice has been for Government to make final funding settlement announcements in November making it impossible for Councils to wait for these announcements before preparing detailed budget proposals for the following financial year. Having such a reserve would give a further year and budget setting round to consider changes sensibly. This does not negate the need to still plan and consider proposals but they will not have to be acted upon until needed and then given full member consideration.

3.3 The year-end position of in year reserve movements >£50k are:

Description/Reserve Allocation	Transfer £000s	Budgeted £000s	Variance £000s
Contributions to COVID 19 Revs and Bens Reserves	506	0	506
Climate Change Budget Underspend	270	0	270
LED National Leisure Recovery Grant	192	0	192
Enterprise Zone Revenue Surplus Reserve Contribution	128	0	128
COVID 19 Hardship Reserve for amounts to spend in 20/21	116	(47)	163
Transformation contribution toward redundancy payments	(109)	(30)	(79)
Transfer from Community Lead Housing Reserve to cover expenditure	(88)	0	(88)
Planning Reserve Contribution for Cranbrook and Axminster Master planning work	(87)	0	(87)
Growth Point reserve contribution from prior year Government Funding	(83)	(84)	1
ICT Reserves Contribution to cover in year expenditure	(82)	(58)	(25)
Creation of £50k Ocean Venue sinking fund	50	0	50
All Amounts <£50k	147	(50)	198

3.4 The year-end position on the main Reserve Balances >£100k for the General Fund are:

Reserve Name	Opening Balance £000s	Transfer £000s	Balance 31/03/21 £000s
MTFP Risk Reserve *additional sum of £0.806m being proposed subject to Council approval	0	(2,000)	(2,000)
Business Rates Volatility Reserve - £7m to be used to offset accounting collection fund deficit in 2021/22	(639)	(7,639)	(8,278)
100% NNDR Reserve	(2,506)	0	(2,506)
Transformation Fund	(1,371)	109	(1,262)
Community Led Housing Reserve	(1,009)	88	(922)
Asset Maintenance Reserve	(911)	0	(911)
Enterprise Zone Reserve	(476)	(128)	(604)
Revs & Bens CV19 Admin Grants Reserve	0	(479)	(479)
Consortium Payment Reserve	(299)	(51)	(350)
Climate Change Reserve	0	(270)	(270)
National Leisure recovery reserve	0	(192)	(192)
Streetscene Reserve	(148)	(32)	(179)
Covid19 Emergency Fund Reserve	(48)	(116)	(163)
Relocation Allowances Reserve	(197)	38	(158)
Neighbourhood Planning Reserve	(128)	(21)	(149)
Building Control IT Enhancement	(144)	0	(144)

Localised Ctax Support Reserve	(141)	0	(141)
Car Parks Ticket Machine Reserve	(121)	0	(121)
Parishes Together Reserve	(189)	87	(102)
<£100k 2020 Balance	(1,814)	62	(1,752)

4.0 COVID-19 Outturn position

- 4.1 The Government have provided financial support through a number of different funding streams. Appendix 1 details the total funding received in relation to Covid-19 support, with a balance of £11.950m being available in 2021/22.
- 4.2 All Covid-19 support grant received in 2020/21 has solely been spend on Covid-19 related costs. A total of £2.563m has been received supporting the General Fund Budget.

5.0 Housing Revenue Account (HRA)

- 5.1 The 2020/21 budget was set to achieve a surplus of £0.931m, the outturn position gives a surplus for the year of £4.525m; a variation of £3.594m, the main variations are given below.

HRA 2020/21 – Outturn variations against budget	Variation £000	Comment on Future budget implications
The collection of dwellings rents and other income was materially on budget despite the challenges of the pandemic. Garage rents were significantly down at £216k vs a budget of £425k.	194 (A)	No implication
An increase of £15k has been made to the bad provision, not budgeted for as this is a year end assessment.	15 (A)	No implication
Supervision & Management: saving of £200k overall predominantly driven by employee cost savings most notably within the Property and Asset team.	201 (F)	No implication
Responsive repairs over budget by £148k. The Maintenance & Repairs contract with Ian Williams has resulted in a more stable expenditure profile in 20/21. The exclusions from the PPP contract in year were significantly larger than predicted causing a £215k overspend which is an area of continued focus offset by savings elsewhere.	148 (A)	No implication
Programmed Maintenance, Major & Special Repairs spending was £2.8m below budget as the pandemic significantly impacted the capability of the Property and Asset team to schedule works.	2,845 (F)	Earmarked Reserve contribution made for catch up costs.
The £0.8m budgeted contribution to capital was not made as capital works were impacted by the pandemic.	806 (F)	No implication

The financing costs of £2.465m were £98k over budget due to low interest rates.	78 (A)	No implication
Savings in Other Expenditure (£176k) on other areas impacted by the pandemic such as Change of tenancy contributions and Tenant Engagement.	175 (F)	No implication

5.2 The updated position of the HRA Balance is given below.

HRA Balance	£000
Opening Balance 1/4/2020	(4,059)
Agreed surplus in 2020/21	(0,931)
Outturn variation 2020/21	(3,594)
Transfers to Earmarked Reserves	5,483
Closing Balance 31/3/2021	(3,100)

5.3 Within the year the following transfers to Earmarked Reserves have been made;

- 5.3.1 £2.86m into the Planned Maintenance Reserve
- 5.3.2 £2.499m into the Housing Capital Development Fund
- 5.3.3 £124k into a Landlord Services Reserve

5.4 The adopted minimum level for the HRA Balance is between £2.1m to £3.1m, based on £490 per property with headroom added of £1m. With transfers to earmarked reserves, the HRA Balance is at the upper end of the adopted range.

5.5 The year-end position on other Balances/Reserves held for the HRA are:

- **£1.6m in the HRA Business Volatility Fund.** The HRA self-financing business plan relies on a number of assumptions outside the control of the Council, with significant debt repayment schedules this reserve was established to mitigate this risk giving time if necessary to reshape the HRA budget to accommodate any negative changes.
- **£2.499m in the Housing Capital Development Fund.** Used for housing development, acquisitions and climate change works including funding 60% of the cost where 40% comes from Right to Buy receipts.
- **£3.375m in the Planned Maintenance Reserve.** To be utilised for planned maintenance related items in the coming year that were put on hold due to the repairs and maintenance contract overspend.
- **£1.776m in the Fire Risk Assessment Works & Lift Replacement Reserve.** In 18/19 financial year £3.55m was set aside for ongoing building works to blocks of flats based upon fire risk assessments and the replacement of the lift at the Poplar Mount block. The residual balance within this account is the so far unspent balance.
- **£0.124m in the Landlord Services Reserve.** To be utilised for projects within Estate Management and catch up costs required in the forthcoming financial year.

6.0 Capital Budget

6.1 The revised net capital budget (after grants and contributions) for 2020/21 was £20.123m; the outturn position is lower by £9.508m at £10.615m. The majority of this movement is from scheme slippage, which needs to be re-profiled into 2021/22, or later years.

2020/21 Capital Programme Outturn Position by Portfolio

Line	Portfolio	Budget after revisions	Actual	(Under)/ Overspend
		2020/21	2020/21	2020/21
		£	£	£
1	Corporate Services	1,299,765	218,726	(1,070,039)
2	Community - Housing General Fund	908,843	745,519	(163,324)
3	Economy and Regeneration	10,790,970	2,859,634	(7,931,336)
4	Environment	2,029,250	96,566	(1,932,684)
5	Street Scene	2,912,793	604,813	(2,307,980)
6	Strategic Development	1,250,000	0	(1,250,000)
7	TOTAL GF GROSS EXPENDITURE	19,191,621	4,525,258	(14,655,363)
8	Community - HRA	5,206,000	7,657,835	2,451,835
9	TOTAL GROSS EXPENDITURE	24,397,621	12,183,094	(12,203,527)
10	Corporate Services	(11,000)	0	0
11	Community - Housing General Fund	(795,813)	(390,451)	405,362
12	Economy and Regeneration	(2,269,000)	0	2,269,000
13	Environment	(587,240)	0	587,240
14	Street Scene	(611,934)	(668,184)	(56,250)
15	Strategic Development	0	0	0
16	TOTAL GF EXTERNAL FUNDING	(4,274,987)	(1,058,635)	3,205,352
17	Community - HRA	0	(509,345)	(509,345)
18	TOTAL EXTERNAL FUNDING	(4,274,987)	(1,567,980)	2,696,007
19	Corporate Services	1,288,765	218,726	(1,070,039)
20	Community - Housing General Fund	113,030	355,068	242,038
21	Economy and Regeneration	8,521,970	2,859,634	(5,662,336)
22	Environment	1,442,010	96,566	(1,345,444)
23	Street Scene	2,300,859	(63,371)	(2,364,230)
24	Strategic Development	1,250,000	0	(1,250,000)
25	TOTAL GF NET EXPENDITURE	14,916,634	3,466,623	(11,450,011)
26	Community - HRA	5,206,000	7,148,490	1,942,490
27	TOTAL NET EXPENDITURE	20,122,634	10,615,114	(9,507,520)

6.2 Further details of all capital schemes can be found at Appendix 2.

6.3 To remind members a capital budget is agreed to complete a particular scheme/project (normally in the annual budgeting setting process). Profiling between years is undertaken to help understand yearly financial commitments and for members to understand the annual funding position. Capital scheme slippage will be re-profiled with advice from the project/budget manager but this will be within the total budget approved for the scheme by members.

Financial implications:

The financial details are included in the report

Legal implications:

Any legal implications are identified in the report and no further comment is required.

<u>Covid 19 Pandemic Government Grant Summary</u>	Income	Expenditure	Net
	£	£	£
Local Authority Support Grant	(1,763,484)	0	(1,763,484)
Sales, Fees and Charges Grant	(725,400)	0	(725,400)
Job Retention	(73,764)	0	(73,764)
	General Fund funding for 2020/21		(2,562,648)
Revenues & Benefits CV19 work admin grant	(578,511)	72,528	(505,983)
National Leisure Recovery Fund	(281,542)	89,700	(191,842)
Community Food Bank	(46,976)	38,458	(8,518)
CV19 Hardship Fund	(172,049)	123,721	(48,328)
CV19 Self Isolation	(232,791)	117,949	(114,842)
ARG	(4,225,128)	2,165,313	(2,059,815)
LRSG (Open)	(1,653,175)	1,522,173	(131,002)
			-
Christmas Support Payment (CSP) for wet led pubs	(83,200)	62,000	(21,200)
			-
Closed Business Lockdown payment (CBLP)	(11,169,000)	7,822,000	(3,347,000)
			-
The Local Restrictions Support Grant (Closed) Addendum	(11,439,001)	7,388,844	(4,050,157)
LRSG (Closed) Addendum	(3,724,326)	2,506,906	(1,217,420)
LRSG (Closed) Post 2 Dec 2020	(407,256)	153,569	(253,687)
Council Tax C19 Hardship Fund	(713,034)	798,341	85,307
Council Tax C19 Hardship Fund (GF funding)	-	-	(85,307)
Business Support Grants	(43,100,000)	43,100,000	0
LA Discretionary Grant Fund (LADGF)	(2,410,000)	2,410,000	0
	Balance available into 2021/22		(11,949,794)

CAPITAL PROGRAMME 2020/21 - CAPITAL EXPENDITURE AND INCOME

CORPORATE SERVICES PORTFOLIO

Project	Revised Budget	Actual	(Under)/Overspend
	2020/21	2020/21	2020/21
	£	£	£
Business Systems			
STRATA Tri planning Idox	52,685	10,943	(41,742)
STRATA Tri Oracle/DMS Idox	15,000	16,715	1,715
STRATA Tri HR Payroll T&A	3,812	3,072	(740)
STRATA Tri To be allocated	67,762	0	(67,762)
Efinancials V5 upgrade	30,000	0	(30,000)
Civica Comino - E Doc System	65,000	59,700	(5,300)
Financial Management Project	368,675	3,604	(365,071)
Asset Management System	126,730	0	(126,730)
STRATA Tri Legal Case Mgmt	8,452	9,327	875
Home Safeguard IT upgrade	44,000	0	(44,000)
Digital Telecare Equipment	240,060	0	(240,060)
	1,022,176.00	103,361	(918,815)
Infrastructure and projects			
STRATA set up - annual	55,038	55,038	0
Strata Service Desk Convergence	6,346	0	(6,346)
Firmstep Project	47,475	(3)	(47,478)
Strata DR & Infrastructure for Win 10	91,730	60,330	(31,400)
Strata Windows 10	77,000	0	(77,000)
	277,589	115,365	(162,224)
GROSS EXPENDITURE	1,299,765	218,726	(1,081,039)
Business Systems			
Home Safeguard IT upgrade	(11,000)	0	11,000
	(11,000)	-	11,000
EXTERNAL FUNDING	(11,000)	0	11,000
NET EXPENDITURE	1,288,765	218,726	(1,070,039)

COMMUNITY PORTFOLIO - HOUSING GENERAL FUND

Project	Revised Budget	Actual	(Under)/Overspend
	2020/21	2020/21	2020/21
	£	£	£
Improvement Grants			
Disabled Facilities Grants	795,813	745,519	(50,294)
Disabled Facilities Grants Capital Salaries	73,030	0	(73,030)
Empty Homes Loans	20,000	0	(20,000)
Green Deal	20,000	0	(20,000)
	908,843	745,519	(163,324)
GROSS EXPENDITURE	908,843	745,519	(163,324)
Improvement Grants			
Disabled Facilities Grants	(795,813)	(375,476)	420,337
Disabled Facilities Grant repayment	0	0	0
Home Stay Grant	0	(14,975)	(14,975)
	(795,813)	(390,451)	405,362
EXTERNAL FUNDING	(795,813)	(390,451)	405,362
NET EXPENDITURE	113,030	355,068	242,038

ENVIRONMENT PORTFOLIO

Project	Revised Budget	Actual	(Under)/ Overspend
	2020/21	2020/21	2020/21
	£	£	£
Sports Centres & Swimming Pools			
Broadclyst and Ottery Leisure Centre re roof	296,000	0	(296,000)
Exmouth Tennis Centre Mechanical & Elec	85,000	0	(85,000)
Exmouth Tennis Centre + Ottery & Broadclyst Leisure Centres - Energy Act and Energy Saving/Renewables Initiatives	190,000	0	(190,000)
Honiton + Sidmouth leisure centres - Energy Act and Energy Saving/Renewables Initiatives	80,000	0	(80,000)
Honiton Pool and Changing Rooms	162,660	43,998	(118,662)
OSM All weather pitch resurface	0	0	0
LED - Leisure Centre Energy Saving	222,319	0	(222,319)
Sidmouth Swimming Pool and Changing Rooms	432,557	648	(431,910)
Axminster Leisure Centre - replace sports hall flooring	56,600	0	(56,600)
Replacement doors to sports hall storerooms - Leisure Centres	35,500	0	(35,500)
	1,560,636	44,646	(1,515,990)
Countryside			
Sheep's Marsh Inter Tidal Scheme	113,700	10,364	(103,336)
	113,700	10,364	(103,336)
Carparks			
Redesign of entrance to Maer Road car park Exmouth	1,433	7,299	5,866
Broadclyst Car Park Improvements - Victory Hall, Broadclyst	26,500	0	(26,500)
Car Park Resurfacing, Fencing and Flow plates improvements - various Sites	70,105	28,218	(41,887)
Exmouth campervan and boat park	9,280	314	(8,966)
Imperial Recreation Ground – Parking Improvements	55,000	0	(55,000)
Phear Park, Exmouth – Access Road Resurfacing and New Parking Area Construction	99,000	650	(98,350)
Seaton Jurassic Car Park Extension	85,600	0	(85,600)
Car Parks - Capital Maintenance 19.20	7,996	5,075	(2,921)
	354,914	41,556	(313,358)
GROSS EXPENDITURE	2,029,250	96,566	(1,932,684)
Sports Centres & Swimming Pools			
Broadclyst and Ottery Leisure Centre re roof DCC contribution	(118,400)	0	118,400
Honiton Pool and Changing Rooms LED 50%	(79,750)	0	79,750
Tennis Centre + Ottery & Broadclyst Leisure Centres - Energy Act and Energy Saving/Renewables Initiatives LED 50%	(95,000)	0	95,000
Honiton + Sidmouth leisure centres - Energy Act and Energy Saving/Renewables Initiatives LED 50%	(40,000)	0	40,000
Sidmouth Swimming Pool and Changing Rooms LED 50%	(217,250)	0	217,250
Axminster Leisure Centre - replace sports hall flooring	(22,640)	0	22,640
Replacement doors to sports hall storerooms - Leisure Centres	(14,200)	0	14,200
	(587,240)	0	587,240
EXTERNAL FUNDING	(587,240)	0	587,240
NET EXPENDITURE	1,442,010	96,566	(1,345,444)

ECONOMY PORTFOLIO			
Project	Revised Budget	Actual	(Under)/Overspend
	2020/21	2020/21	2020/21
	£	£	£
Corporate Buildings & Security			
New Office Accommodation - Heathpark	379,630	147,254	(232,376)
EDBC - Energy Act and Energy Saving/Renewables Initiatives	46,800	0	(46,800)
	426,430	147,254	(279,176)
Beach Properties			
Re-roofing of seaside tenanted properties 2017-19	62,680	0	(62,680)
Orcombe Point - new Kiosk	46,420	0	(46,420)
	109,100	0	(109,100)
Industrial Sites			
Seaton Workshop Provision	572,190	0	(572,190)
Industrial units - Energy Act and Energy Saving/Renewables Initiatives	85,000	0	(85,000)
Replacement of perimeter fencing at Manstone Depot, Sidmouth	33,000	6,898	(26,102)
	690,190	6,898	(683,292)
Public Halls, Community Centres & Pavilions			
Exmouth Pavilion - Energy Act and Energy Saving/Renewables Initiatives	39,982	0	(39,982)
	39,982	0	(39,982)
Exmouth Regeneration			
Queen's Drive Leisure Area Infrastructure	40,918	23,868	(17,050)
Capital salaries - Economic Development	30,000	0	(30,000)
The Strand Exmouth	125,540	0	(125,540)
Other Regeneration			
Growth Point Capital Projects	136,810	0	(136,810)
Seaton Wetlands Link Project	98,000	0	(98,000)
Beer - Community Loan Trust	1,150,000	250,000	(900,000)
Enterprise Zone - Park & Change	1,385,000	1,090,508	(294,492)
Enterprise Zone - Long Lane Enhancement	3,650,000	1,261,105	(2,388,895)
Enterprise Zone - Open Innovation Building	660,000	500,000	(160,000)
Clyst Vale Regional Park	2,249,000	0	(2,249,000)
Exmouth Museum Loan	0	80,000	80,000
	9,525,268	3,205,482	(6,319,786)
GROSS EXPENDITURE	10,790,970	3,359,634	(7,431,336)
Public Halls, Community Centres & Pavilions			
Exmouth Pavilion - Energy Act and Energy Saving/Renewables Initiatives	(20,000)	0	20,000
	(20,000)	0	20,000
Regeneration			
Clyst Vale Regional Park - S106 and CIL funded	(2,249,000)	0	2,249,000
	(2,249,000)	0	2,249,000
EXTERNAL FUNDING	(2,269,000)	0	2,269,000
NET EXPENDITURE	8,521,970	3,359,634	(5,162,336)

STREET SCENE PORTFOLIO			
Project	Revised Budget	Actual	(Under)/Overspend
	2020/21	2020/21	2020/21
	£	£	£
Beaches & Foreshores			
Sidmouth and East Beach Management Plan	23,742	28,084	4,342
Digger (Shingle clearance and Grave digging)	80,000	0	(80,000)
Seaton Beach Management Scheme Outline Business Case	77,497	5,905	(71,593)
Exmouth Seawall Emergency Work	11,769	(0)	(11,769)
Sidmouth Beach management Scheme	150,000	0	(150,000)
Exmouth Beach Study	80,000	0	(80,000)
Exmouth Groyne Navigational Markers	37,232	43,682	6,450
Seaton Coast Protection Scheme	60,000	0	(60,000)
Axmouth Harbour Maintenance	20,000	0	(20,000)
Sidmouth Seafront railings repainting	20,955	10,955	(10,000)
Inland Cliff Stabilisation - The Plantation, Exmouth	40,955	3,162	(37,793)
	602,150	91,787	(510,363)
Flood Alleviation			
New Feniton Flood Alleviation Scheme	849,438	37,537	(811,901)
Whimple Flood Alleviation	2,482	(0)	(2,482)
Membury Sump Trash Screen	28,441	25,791	(2,650)
	880,361	63,327	(817,034)
Parks & Pleasure Grounds			
Connaught Parapet Wall Repair and Cliff Remedial Works, Sidmouth	2,160	0	(2,160)
Parks and play area fencing	55,955	5,455	(50,500)
Low Carbon materials trial	20,000	0	(20,000)
Gunfield Gardens fence refurbishment	20,000	0	(20,000)
Jacob's Ladder repainting and structural works	31,911	17,711	(14,200)
Replacement of unsafe lighting stock and LED conversion	40,000	39,042	(958)
	170,026	62,208	(107,818)
Play Equipment/Playgrounds			
Meadway play area, Seaton	50,955	50,955	(0)
Brixington play area, Exmouth	100,955	100,955	(0)
Renewal of wheeled sport equipment in Budleigh skate park	4,997	4,698	(300)
Cherry Close play area, Honiton	75,955	75,955	0
Millwey Rise play area, Axminster	138,630	0	(138,630)
Seafield Gardens play area, Seaton	100,955	100,955	0
Seaton skate park	6,247	5,947	(300)
Greenway Lane play area - Budleigh Salterton	80,000	0	(80,000)
The Crescent play area - Exmouth	80,000	0	(80,000)
Butts Close play area - Honiton	60,000	0	(60,000)
	698,694	339,465	(359,229)
Public Conveniences			
Magnolia Exmouth	200,000	0	(200,000)
	200,000	0	(200,000)
Refuse & Recycling			
Refuse vehicles + bins	17,196	0	(17,196)
Green Waste - Purchase of Bins/Vehicle/Software	10,164	0	(10,164)
	27,360	0	(27,360)
Sports Grounds			
Refurbishment of Allhallows Pavilion changing rooms	71,000	0	(71,000)
	71,000	0	(71,000)
Grounds Maintenance			
Plant & Equipment- Grounds Maintenance	131,250	34,000	(97,250)
Churchyard wall reconstruction - St Swithun's, Woodbury	40,000	0	(40,000)
	171,250	34,000	(137,250)
Street Cleansing			
Plant & Equipment - Street Cleansing	62,631	0	(62,631)
Replacement of Big Belly Bins m the EA re this Grant	29,321	14,026	(15,295)
	91,952	14,026	(77,926)
GROSS EXPENDITURE	2,912,793	604,812.66	(2,307,980)

STREET SCENE PORTFOLIO cont.			
Project	Revised Budget	Actual	(Under)/ Overspend
	2020/21	2020/21	2020/21
	£	£	£
Beaches & Foreshores			
Sidmouth and East Beach Management Plan Grant	(50,000)	0	50,000
Sidmouth Beach management Scheme	(125,000)	0	125,000
Exmouth Beach Study	(60,000)	0	60,000
Seaton Beach Management Scheme Outline Business Case	0	(10,000)	(10,000)
Seaton Coast Protection Scheme	(30,000)	0	30,000
	(265,000)	(10,000)	255,000
Flood Alleviation			
New Feniton Flood Alleviation Scheme Grant	(148,184)	(658,184)	(510,000)
	(148,184)	(658,184)	(510,000)
Play Equipment/Playgrounds			
Brixington play area, Exmouth	(6,990)	0	6,990
Renewal of wheeled sport equipment in Budleigh skate park	(35,000)	(35,000)	0
Foxhill play area, Axminster	(14,850)	(14,850)	0
Millwey Rise play area, Axminster	(138,630)	0	138,630
Redgates play area, Exmouth	(3,280)	(3,280)	0
	(198,750)	(53,130)	145,620
EXTERNAL FUNDING			
	(611,934)	(721,314)	(109,380)
NET EXPENDITURE			
	2,300,859	(116,501)	(2,417,360)

STRATEGIC DEVELOPMENT PORTFOLIO			
Project	Revised Budget	Actual	(Under)/ Overspend
	2020/21	2020/21	2020/21
	£	£	£
Gypsy and traveller site	500,000	0	(500,000)
Self-build Pilot	750,000	0	(750,000)
GROSS EXPENDITURE	1,250,000	0	(1,250,000)

COMMUNITY PORTFOLIO - HOUSING REVENUE ACCOUNT

Project	Revised Budget	Actual	(Under)/ Overspend
	2020/21	2020/21	2020/21
	£	£	£
FRA Capital Works	0	1,192,937	1,192,937
House in Multiple Occupation - Exmouth 30% RTB + 70% S.106	0	18,368	18,368
34 St Marks Rd Honiton Ex141xu	0	163,501	163,501
HMO 1 Morton Way Exmouth	0	3,778	3,778
1 Whitton Court Sidmouth	0	6	6
18a&b Sailors Rest StAnd Rd Ex	0	32,738	32,738
21 Macauley Close Hon Ex141uu	0	160,676	160,676
18 Spindlewood Cl Hon Ex142xq	0	325	325
8 Buttercup Cl Seaton Ex122xb	0	160,518	160,518
40 Churchill Rd Exmouth Ex84dn	0	218,215	218,215
24 Hazelwood Cls Hon EX14 2XA	0	149,173	149,173
9 Spindlewood Cls Hon EX14 2XQ	0	175,801	175,801
65 Fraser Road Exmouth EX8 4DH	0	194,751	194,751
F2 23 Cheshire Rd Exm EX8 4BN	0	498	498
11 Senate Way Exm EX8 4SF	0	178,176	178,176
43 Rosewell Cls Hon EX14 1QU	0	171,061	171,061
4 Cunningham Road Exm EX8 4DS	0	141,791	141,791
26 Cunningham Rd Exm EX8 4DS	0	206,536	206,536
51 St Andrews Rd Exmth EX8 1AS	0	940,751	940,751
83 Fraser Road, Exmouth	0	211,686	211,686
17 Fairmead, Sidmouth Ex10 9su	0	232,387	232,387
123 Manstone Av.Sidth Ex10 9tq	0	634	634
9 New Street, Exmouth Ex8 1rt	0	534	534
26 High Meadow,Sidmth Ex10 9uw	0	537	537
	0	534	534
	0	138,025	138,025
HRA Affordable Housing	0	4,693,934	4,693,934
HRA Housing System	0	(19,809)	(19,809)
HRA Housing Other	0	(19,809)	(19,809)
Re-Roofing	300,000	12,114	(287,886)
Social Service Adaptations	250,000	223,891	(26,109)
CAPITAL GRANTS HSG	0	671,905	671,905
Poplar Mount Lifts replacement	0	7,594	7,594
Seaton Refurbishment Manor Close Seaton	300,000	0	(300,000)
Major improvement/extension	150,000	46,890	(103,110)
Remodelling of Sheltered Schemes	100,000	40,190	(59,810)
MJR Structural Works Und. Beer	100,000	0	(100,000)
Summersby Cls Seaton Cap Works	100,000	0	(100,000)
Country House Sidford	30,000	0	(30,000)
HRA Housing	1,330,000	1,002,584	(327,416)
Central Heating Replacement	20,000	25,323	5,323
Electrical Updating	970,000	242,970	(727,030)
COT: Update Electrics	10,000	0	(10,000)
Replacement Bathrooms	75,000	0	(75,000)
Roofing Renewal	150,000	458,273	308,273
PVCu Fascia Replacement	70,000	44,044	(25,956)
Replacement Kitchens	75,000	36,208	(38,792)
Replacement Doors	70,000	0	(70,000)
Major structural repairs	0	10,814	10,814
Gas Boiler Replacement	550,000	41,102	(508,898)
Change of Tenancy Expenditure	1,886,000	(2,898)	(1,888,898)
PPV Voids	0	1,125,292	1,125,292
HRA Major Repairs	3,876,000	1,981,127	(1,894,873)
GROSS EXPENDITURE	5,206,000	7,657,835	2,451,835
CAPITAL GRANTS HSG	0	(500,000)	(500,000)
Major Structural Repairs	0	(9,345)	(9,345)
EXTERNAL FUNDING	0	(509,345)	(509,345)
NET EXPENDITURE	5,206,000	7,148,490	1,942,490

Report to: Audit and Governance Committee



Date of Meeting 23 September 2021

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

Risk Review Summer 2021 Part 1

Report summary:

Risk information for the 2021/22 financial year is supplied to allow the Audit and Governance Committee to monitor the risk status of Strategic and Operational Risks. This follows the full review of risks by responsible officers during May/June 2021

Is the proposed decision in accordance with:

Budget Yes No

Policy Framework Yes No

Recommendation:

That the Audit and Governance Committee considers the current status of risks following the full risk review undertaken in May/June 2021.

Reason for recommendation:

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

Officer: Simon Davey, Strategic Lead - Finance sdavey@eastdevon.gov.uk ext 2690 and Joanne Avery, Management Information Officer javery@eastdevon.gov.uk ext 2332

Portfolio(s) (check which apply):

- Climate Action and Emergencies
- Coast, Country and Environment
- Council and Corporate Co-ordination
- Culture, Tourism, Leisure and Sport
- Democracy and Transparency
- Economy and Assets
- Finance
- Strategic Planning
- Sustainable Homes and Communities

Equalities impact Low Impact

Climate change Low Impact

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

- **Links to background information**
- [Appendix A – Operational Risks Housing and Finance Service summer 2021](#)
- [Appendix B – Strategic Risks summer 20201](#)
- [Appendix C – Explanations and definitions](#)

Link to [Council Plan](#):

Priorities (check which apply)

- Outstanding Place and Environment
- Outstanding Homes and Communities
- Outstanding Economic Growth, Productivity, and Prosperity
- Outstanding Council and Council Services

Report in full

1. As part of our corporate governance it is appropriate that we maintain and manage a risk register. The risk register allows us to highlight any risks to our organisation and set out how we are going to mitigate against their impact and likelihood.
 2. Our risk management policy requires all risks identified by the council to be reviewed bi-annually. Through the month of May the risk owners were tasked with reviewing their risks in the SPAR system.
 3. The operational risk register contains 81 risks which have all been reviewed but for this meeting only part of the register has been provided. For this report the focus is on the Housing and Finance Services as well as the strategic risk register. The rest of the operational risk register will be provided at the next meeting.
 4. The operational risk register for the Housing and Finance service is provided for the Committee to review at [Appendix A](#). This is listed by service area and includes all of the control actions. There are 32 operational risks for these services, all of which have been reviewed and re-scored in light of all mitigating actions being undertaken and in relation to the on-going pandemic. The services were asked to highlight any new and emerging risks with no new risks being put forward at this review
 5. In the operational risk registers for Housing and Finance Services there is only one risk currently scored as high,
- **Failure to maintain gas safety, fire risk, asbestos register, solid fuel servicing, and legionella testing to meet legal requirements.** - We have adopted policies and procedures covering compliance issues, and contracts have been framed to ensure continuing compliance. This work is a priority for the Service. We have appointed a Compliance Manager who monitors programmes and raise alerts when problems occur. We have performance indicators showing the real time compliance position. There is a requirement to be constantly vigilant. We need sufficient, suitably qualified staff in post and working to clear policies and programmes, to ensure compliance with building and tenant safety standards.
6. The tables below set out the number of risks in each service by score.

Finance	High	Medium	Low
<i>Risks by score</i>		4	8

Housing	High	Medium	Low
<i>Risks by score</i>	1	15	4

7. For information the rest of the scoring for the other services has also been provided. Please contact the Management Information Officer if you wish to view any other part of the risk register before the next meeting.

Economy	High	Medium	Low
<i>Risks by score</i>	1	9	5

Environment	High	Medium	Low
<i>Risks by score</i>	1	9	3

Governance & Licensing	High	Medium	Low
<i>Risks by score</i>		6	6

Organisational Development	High	Medium	Low
<i>Risks by score</i>		2	8

8. As part of this review our strategic risks have been reviewed by their owners and are also submitted for Committee’s consideration.

There are 10 risks on the strategic register none of these risks are currently showing as high risk. More details for each risk can be seen in [Appendix B](#).

Medium risk:

- Risk: Adequacy of financial resource planning to deliver the Council's priorities
- Risk: Adequate emergency planning and business continuity
- Risk: Delivery of Growth Point
- Risk: Failure to adequately protect staff health and safety at work
- Risk: Failure to ensure the Council's sustainability
- Risk: Increased homelessness
- Risk: Failure to ensure that our corporate property portfolio is fully compliant with legal requirements.
- Risk: Major disruption in continuity of computer and telecommunications services
- Risk: Retaining and strengthen a collective approach to decision making to ensure we avoid poor decision making effecting our performance and our reputation

Strategic Risks	High	Medium	Low
<i>Risks by score</i>	0	8	2

There are no new risks on the strategic risk register.

9. An explanation and definitions of all the risks including the risk matrix can be found in [Appendix C](#).

Financial implications:

No direct financial implications

Legal implications:

There are no direct legal implications

Appendix A Strategic Register Housing and Finance

Report for 2021/2022

Filtered by Service: Housing, Finance

Not Including Projects records, Including Control Action records

Key to Performance Status:

Control Action:	No longer required	No Data available	Not Effective	in Planning / Progress	Completed	Working and Effective
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Risks:	No Data (0+)	High (12+)	Medium (6+)	Low (1+)
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Appendix A Strategic Register Housing and Finance

Risk: Management of investments Security of the Council's surplus cash resources, with the preservation of the capital sum, is of paramount importance. The objective of is to optimise investment returns commensurate with the containment of risk	Risk Code: fin-RK-0060
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Pure Status: Medium (8)	Pure Risk Impact: Major	Pure Risk Likelihood: Unlikely
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Residual Status: Low (3)	Residual Risk Impact: Serious	Residual Risk Likelihood: Remote
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Service: Finance

Control Action records

Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Investments made - CHAPs Payments	Any investments made direct by council staff are approved by a senior officer, any associated investment is authorised through an electronic control process (password and security code) to release funds	Simon Davey	05/10/2009	05/05/2021
Working and Effective	Lending lists and investment limits	The Strategy includes detailed procedures including authorised lending institutions and investment limits. These steps are designed to limit the council's exposure in the event of an institution failing.	Simon Davey	05/10/2009	05/05/2021
Working and Effective	Reconciliation, monitoring and performance reporting	Supporting documents detailing investments made and repaid to be reconciled with the main accounting system and together with the portfolio managers report investment performance is to be monitored and	Simon Davey	29/10/2009	05/05/2021
Working and Effective	Retention of records	Records relating to the purchase/sale of investments together with portfolio performance reports from the Council's Fund Manager to be retained in accordance with the retention and disposal of documents	Simon Davey	29/10/2009	05/05/2021
Working and Effective	Treasury Management Strategy and associated procedures	The Council has an up to date Strategy with detailed associated procedures which are followed	Simon Davey	02/10/2009	05/05/2021

Appendix A Strategic Register Housing and Finance

Control Action records

Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
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Responsible Officer: Simon Davey

Review Note:

Risk: Funding from grants not received risk impacting on the Council budget That the Council does not receive grants and contributions to which it is entitled to meet, or help meet, its expenses having a negative impact on the Council's budget. **Risk Code: fin-RK-0061**

Pure Status: High (12) **Pure Risk Impact: Serious** **Pure Risk Likelihood: Very Likely**

Residual Status: Low (3) **Residual Risk Impact: Serious** **Residual Risk Likelihood: Remote**

Service: Finance

Control Action records

Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Budgetary Control on grant and contributions to be received	Projects and schemes which are approved on the basis of external funding will be recorded as such with a revenue or capital budget. The receipt of this funding will be monitored as part of the budget	Simon Davey	02/10/2009	05/05/2021
Working and Effective	Income Reant Register	Finance Team monitor an income grant register to record all monies received.	Simon Davey	31/03/2017	05/05/2021
Working and Effective	Receipt of Section 106 funds	Employment of 106 officer to ensure funds due to the Council are charged and checks by accountancy to ensure monies received tied back to agreements	Simon Davey	02/10/2009	05/05/2021
Working and Effective	Revenue Support Grant and NNDR pool distribution received.	Cash Flow monitoring by Accountancy to ensure this money is received monthly against predetermined schedule.	Simon Davey	02/10/2009	05/05/2021

Responsible Officer: Simon Davey

Review Note:

Appendix A Strategic Register Housing and Finance

Risk: Electronic transfer/payment of monies Failure to ensure the correct amounts are paid and reach the correct destination.			Risk Code: fin-RK-0064		
Pure Status: High (16)		Pure Risk Impact: Major	Pure Risk Likelihood: Very Likely		
Residual Status: Low (4)		Residual Risk Impact: Major	Residual Risk Likelihood: Remote		
Service: Finance					
Control Action records					
Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Audit Regime	Internal and external audit review and testing to ensure controls are operating effectively.	Simon Davey	31/03/2017	05/05/2021
Working and Effective	Cheque & Bacs payments	Controls are in place with independent officer approval linking back to originating totals to agree payments to be made for each run.	Simon Davey	05/10/2009	05/05/2021
Working and Effective	Housing Benefit payments	Payments are only made following the assessment of a claim. The system will hold the calculation and evidence required to make the payment and a claimant file will exist with documentary evidence.	Simon Davey	05/10/2009	05/05/2021
Working and Effective	Investment Transfers	Two officers are involved in any investment transfer confirming banking instruction. HoF agrees monthly reconciliation of investments made and repayments	Simon Davey	28/05/2014	05/05/2021
Working and Effective	Payments are made to the correct person or business for the correct amount.	Invoice payments (including refunds and cheque requisitions) are raised and paid in accordance with the certification and authorisation process as outlined in the Council's Financial Standing Orders	Simon Davey	05/10/2009	05/05/2021
Responsible Officer: Simon Davey					
Review Note:					

Appendix A Strategic Register Housing and Finance

Risk: Failure to monitor budgets Failure to keep the Council's spending within approved budgets and resources available to it could lead to financial and reputational ruin.					Risk Code: fin-RK-0073
Pure Status: Medium (8)		Pure Risk Impact: Major		Pure Risk Likelihood: Unlikely	
Residual Status: Low (4)		Residual Risk Impact: Major		Residual Risk Likelihood: Remote	
Service: Finance					
Control Action records					
Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Audit Regime	Internal and external audit review and testing to ensure controls are operating effectively.	Simon Davey	31/03/2017	05/05/2021
Working and Effective	Budget monitoring reports to Cabinet	The Cabinet will receive reports during the year giving the financial position of the Council against the approved budget, any courses of action proposed and the effects on the Council's balances.	Simon Davey	05/10/2009	05/05/2021
Working and Effective	Monthly monitoring reports to budget managers	The finance team will generate monthly reports to budget managers giving statements of financial position against budget and meetings will held to discuss variations and any necessary course of action	Simon Davey	05/10/2009	05/05/2021
Working and Effective	The holding of adequate reserves to cover unknown/unplanned costs	The Council has approved balances set aside for the General Fund and Housing Revenue Account to deal with unknown/unplanned events i.e emergency situations or uneven cash flow.	Simon Davey	05/10/2009	05/05/2021
Responsible Officer: Simon Davey					
Review Note:					

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Risk: Fraud, theft and/or irregularity of financial resources The risk of fraud, theft and or irregularity of the Council's financial resources and the opportunities to disguise and cover up the fraudulent act. **Risk Code: fin-RK-0081**

Pure Status: High (12) Pure Risk Impact: Serious Pure Risk Likelihood: Very Likely

Residual Status: Low (3) Residual Risk Impact: Serious Residual Risk Likelihood: Remote

Service: Finance

Control Action records

Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Adequate Financial Controls	The Council has in place adequate financial controls including regular reconciliations, segregation of duties, delegated authorities and spending limits.	Simon Davey	08/10/2009	05/05/2021
Working and Effective	Appropriate policies, strategies and fraud response plans	The Council has adequate policies, strategies, and fraud response plans including Regulatory Enforcement and Prosecution Policy.	Simon Davey	08/10/2009	05/05/2021
Working and Effective	Audit professionals completing a wide-ranging audit plan	The Council has a wide-ranging audit plan covering all the Council's activities, including Anti-Fraud testing. The plan covers all levels of risk, including medium and lower risks and includes spot checks on transactions and controls in place. Analytical reviews are undertaken of payments to identify any possible fraudulent activities	Simon Davey	08/10/2009	05/05/2021
Working and Effective	Budgetary Control	Income received and/or monies paid are assigned to budget heads. Budgets are monitored by managers and accountants and each budget will deliver a specific purpose. Material expenditure not in accordance with the purpose the budget is held will be identified and income not received will also be identified.	Simon Davey	08/10/2009	05/05/2021
Working and Effective	Corporate Fraud and Compliance Team	The Corporate Fraud and Compliance Team are working on a strategy to focus resources to reflect the national picture of emerging fraud. Monitoring of outcomes through reporting to SMT.	Simon Davey	31/03/2017	05/05/2021
Working and Effective	Dedicated 'Fraudline'	Dedicated 'Fraudline' which is publicised in council leaflets, magazines and on the website.	Simon Davey	08/10/2009	05/05/2021
Working and Effective	External Audit Review	External Audit (Grant Thornton) undertake a review of controls and assess the quality of assurance provided from the Council's internal audit function (SWAP). They will also carry out an independent audit of the authorities accounts.	Simon Davey	01/05/2013	05/05/2021
Working and Effective	Insurance cover	Appropriate insurance is held to mitigate any losses	Simon Davey	28/05/2014	05/05/2021

Appendix A Strategic Register Housing and Finance

Control Action records

Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Participation in the National Fraud Initiative	The Council participates in the National Fraud Initiative	Simon Davey	08/10/2009	05/05/2021
Working and Effective	Segregation of Duties	Segregation of Duties divides responsibilities between individuals and enforces internal check. Ie, one person verifies the work of another.	Simon Davey	20/01/2010	05/05/2021

Responsible Officer: Simon Davey

Review Note:

Appendix A Strategic Register Housing and Finance

Risk: Fraud, theft and/or irregularity of physical assets The risk of theft and or irregularity with regards the Council's physical assets, including mis-use of assets, and the opportunities to disguise and cover up the theft and/or irregularity.					Risk Code: fin-RK-0082
Pure Status: Medium (9)	Pure Risk Impact: Serious		Pure Risk Likelihood: Likely		
Residual Status: Low (4)	Residual Risk Impact: Major		Residual Risk Likelihood: Remote		
Service: Finance					
Control Action records					
Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Appropriate insurance obtained	The Council insures the majority of its assets against damage and theft	Simon Davey	28/05/2014	05/05/2021
Working and Effective	Appropriate policies, strategies and fraud response plans	The Council has adequate policies, strategies, and fraud response plans including Anti-Fraud & Corruption Policy and Whistle Blowing Policy. Anti-Fraud Leaflets available in Council offices.	Simon Davey	08/10/2009	05/05/2021
Working and Effective	Asset Tagging (Smart Water and physical stickers on ICT equipment)	The Council tags its assets with DNA water (Smart Water) and physical tags ICT equipment. Street Scene	Simon Davey	08/10/2009	05/05/2021
Working and Effective	Assets on Balance Sheet subject to audit	External Auditor will examine Balance Sheet of the Council and undertake checks on assets held and asset values to determine accuracy of Accounts.	Simon Davey	01/05/2013	05/05/2021
Working and Effective	Audit Professionals completing a wide-ranging audit plan	Wide ranging audit plan covering all the Council's activities, including elements of Housing and Street Scene. The plan covers all levels of risk, including medium and lower risks and includes spot checks.	Simon Davey	08/10/2009	05/05/2021
Working and Effective	Capital Accounting Controls and Capital Accounting Audit	The Council has effective capital accounting controls and the audit plan contains a review of capital accounting on an annual basis.	Simon Davey	08/10/2009	05/05/2021
Working and Effective	Dedicated 'Fraudline'	Dedicated 'Fraudline' which is publicised in council leaflets, magazines and on the website. Callers leave details of any theft or irregularity anonymously.	Simon Davey	08/10/2009	05/05/2021
Working and Effective	Disposal of Assets Policy / Electronic Inventory	The Council has a Disposal of Assets Policy which proposes the implementation of an electronic inventory.	Simon Davey	08/10/2009	05/05/2021
Working and Effective	Fixed Asset Registers (Financial, Housing, ICT and Street Scene)	The Council has a fixed asset register (maintained by Financial Services).	Simon Davey	08/10/2009	05/05/2021
Responsible Officer: Simon Davey					
Review Note:					

Appendix A Strategic Register Housing and Finance

Risk: Delay in processing the Housing Benefit payments Failure of the 4 weekly pay run for housing benefits delaying the payment				Risk Code: fin-RK-0109	
Pure Status: High (12)		Pure Risk Impact: Major		Pure Risk Likelihood: Likely	
Residual Status: Low (3)		Residual Risk Impact: Serious		Residual Risk Likelihood: Remote	
Service: Finance					
Control Action records					
Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Additional staff can run payments	More staff within finance can now run BACCS payments	Simon Davey	31/03/2017	05/05/2021
Working and Effective	Audit Regime	Internal and external audit review and testing to ensure controls are operating effectively.	Simon Davey	31/03/2017	05/05/2021
Working and Effective	Liaison meetings	Regular liaison meeting between managers and staff and without outside agencies to scrutinise and resolve workflow issues	Libby Jarrett	30/10/2009	05/05/2021
Working and Effective	Monitoring performance	Performance to be monitored on a regular/routine basis and communicated to staff, management and members	Simon Davey	30/10/2009	05/05/2021
Working and Effective	Temporary staffing	To monitor workloads and to take on additional temporary staff to deal with backlogs subject to financial resources being available	Simon Davey	30/10/2009	05/05/2021
Responsible Officer: Simon Davey, Libby Jarrett					
Review Note:					

Risk: Reduction in Housing Benefit subsidy To avoid reduction in the level of housing benefit subsidy received as a result of high level of 'local authority error' or the incorrect treatment of benefit expenditure from subsidy claim				Risk Code: fin-RK-0110	
Pure Status: High (16)		Pure Risk Impact: Major		Pure Risk Likelihood: Very Likely	
Residual Status: Medium (6)		Residual Risk Impact: Serious		Residual Risk Likelihood: Unlikely	
Service: Finance					
Control Action records					
Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Level of subsidy due monitored	The level of subsidy due monitored on a regular basis	Libby Jarrett	30/10/2009	05/05/2021
Working and Effective	Sample testing	On a regular and routine basis a sample of Processed claims are accuracy checked	Libby Jarrett	30/10/2009	05/05/2021
Working and Effective	Staff development	Staff are fully trained on the implications of incorrect calculation of benefit	Libby Jarrett	30/10/2009	05/05/2021
Responsible Officer: Simon Davey, Libby Jarrett					
Review Note:					

Appendix A Strategic Register Housing and Finance

Risk: Failure to collect all income due to the council - council tax, business rates, rent, fines & Sundry Failure to calculate, record, bill and collect sums due to the council from taxpayers and businesses, rent due and car parking fines could have a negative impact on the Council's budget.					Risk Code: fin-RK-0158
Pure Status: High (12)		Pure Risk Impact: Serious	Pure Risk Likelihood: Very Likely		
Residual Status: Medium (6)		Residual Risk Impact: Serious	Residual Risk Likelihood: Unlikely		
Service: Finance					
Control Action records					
Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Audit Regime	Internal and external audit review and testing to ensure controls are operating effectively.	Libby Jarrett	31/03/2017	05/05/2021
Working and Effective	Collection routines	The effectiveness of differing collection routines be kept under review with resources to be used in the most efficient manner, maximising collection via direct debt.	Libby Jarrett	31/03/2012	05/05/2021
Working and Effective	Ensure debts due are promptly collected	Each system covering debt recovery will raise a bill to the correct individual or business and have a systems in place to take recovery action as appropriate for non payment.	Libby Jarrett	02/10/2009	05/05/2021
Working and Effective	Ensure debts due are properly recorded	The council has systems in place to record the different areas of debt; Council Tax, Business Rates, Council House Rents and Car Park Fines. Each of these systems will have controls	Libby Jarrett	02/10/2009	05/05/2021
Working and Effective	Ensure that any write-offs or credits are correctly applied	Systems and controls are in place to ensure the write off of debt or credits applied to bills are correct and authorised appropriately.	Libby Jarrett	02/10/2009	05/05/2021
Working and Effective	Performance Monitoring	Individual and collective performance will be monitored, discussed at officer performance review meetings with overall performance being reported to members.	Libby Jarrett	30/10/2009	05/05/2021
Working and Effective	Segregation of duties	Segregation of duties aims to prevent fraud and error by dividing tasks and associated privileges for a process between staff. In small teams (eg NNDR and Council) it is recognised that this objective can be difficult so other checks are implemented such as senior officers reviewing sample changes etc.	Libby Jarrett	08/02/2010	05/05/2021
Responsible Officer: Simon Davey, Libby Jarrett					
Review Note:					

Appendix A Strategic Register Housing and Finance

Risk: If the Council does not have adequate insurance in place losses incurred could not be accommodated If the Council does not have adequate insurance in place there is a risk that losses incurred could not be accommodated within financial reserves held by the Council.					Risk Code: fin-RK-0159
Pure Status: Low (4)		Pure Risk Impact: Significant	Pure Risk Likelihood: Unlikely		
Residual Status: Low (4)		Residual Risk Impact: Major	Residual Risk Likelihood: Remote		
Service: Finance					
Control Action records					
Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Ensure all appropriate assets and Liabilities are identified and covered	As part of an annual process services will be contacted to ensure all assets and liabilities are identified.	Simon Davey	31/03/2017	05/05/2021
Working and Effective	Ensure insurance policies in place and renewed annually	Service level agreement in place with Teignbridge District Council to cover this function. Procedures are in place for reporting incidents by staff and public. Liaison with Health and Safety officer re staff and public safety.	Simon Davey	30/08/2011	05/05/2021
Responsible Officer: Simon Davey					
Review Note:					

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Risk: Business Rate Retention Scheme for local authorities From 01/04/13 the Council will retain 50% in business rate growth (subject to a 50% levy) or if there is a reduction it will have to meet 50% of the loss. The financial risk of growth or decline is now held at a local level rather than smoothed out at a national level. There are many factors outside the authorities direct control that influence this position.					Risk Code: fin-RK-0174
Pure Status: High (12)		Pure Risk Impact: Major	Pure Risk Likelihood: Likely		
Residual Status: Medium (9)		Residual Risk Impact: Serious	Residual Risk Likelihood: Likely		
Service: Finance					
Control Action records					
Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Ensure appropriate reserves are in place	It will be ensured that the Council will maintain appropriate reserve levels to accommodate any unforeseen losses in income. Also a prudent approach has been taken in budgeting the Business Rate income available to the Council and a separate Business Rate volatility as been established.	Simon Davey	21/09/2012	05/05/2021
Working and Effective	Maximise receipts	We are in a Devon Pool in order to maximise receipts to the Council	Simon Davey	21/09/2012	05/05/2021
Working and Effective	Proactive Monitoring	We will be closely working with NNDR Team, Planning and the Valuation Office to ensure we have early warnings of movements in business numbers or valuation details. We closely monitor NNDR gross debit compared with the budget and collection rates to ensure the Council gets an early warning of variations which may effect the Council's financial position.	Simon Davey	21/09/2012	05/05/2021
Responsible Officer: Simon Davey					
Review Note: This is an important income stream to the Council and the Government are looking to rebase resulting in a significant loss of growth income to the Council. This is now likely to be delayed and another year (2023/24) but it an unknown hence a higher risk.					

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Risk: New Homes Bonus Grant The Council's income now relies on income from new homes bonus monies which is directly related to new house building in the district. There is a risk of lower growth than estimated

Risk Code: fin-RK-0183

Pure Status: High (12) **Pure Risk Impact: Major** **Pure Risk Likelihood: Likely**
Residual Status: Medium (9) **Residual Risk Impact: Serious** **Residual Risk Likelihood: Likely**

Service: Finance

Control Action records

Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Council is aware of the importance of this income stream	Officers involved in housing delivery appreciate the link to homes bonus.	Simon Davey	31/03/2017	05/05/2021
Working and Effective	Non over reliance of NHB income	The Council's budget for day to day service delivery is only met in part from this income with the Council holding a Reserve to mitigate the loss in this income allowing a two year period to reshape its budget.	Simon Davey	28/05/2014	05/05/2021
Working and Effective	Sensible estimate of NHB income	A prudent view is taken in projecting the level income that is to be received. A reasonable estimate can be made of growth in Cranbrook which is one of the main contributors to growth in our district.	Simon Davey	28/05/2014	05/05/2021

Responsible Officer: Simon Davey

Review Note: The Government has consulted on the future of this scheme which is an important income stream therefore future funding levels are unknown.

Risk: Fraud re housing grants Without appropriate controls on approving grants and monitoring budgets there is risk of fraud and to the Councils finances

Risk Code: HOU-RK-0040

Pure Status: High (12) **Pure Risk Impact: Serious** **Pure Risk Likelihood: Very Likely**
Residual Status: Low (4) **Residual Risk Impact: Significant** **Residual Risk Likelihood: Unlikely**

Service: Housing

Control Action records

Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Capital expenditure monitoring	Capital expenditure monitoring is carried out through the capital expenditure monitoring group	John Golding	01/10/2009	05/05/2021
Working and Effective	Monitoring of grant approvals	Procedures for approving individual grants in place to identify fraud and errors	John Golding	01/10/2009	05/05/2021

Responsible Officer: John Golding

Review Note: The systems in place are constantly monitored this ensures that any fraudulent active will be picked up quickly. Periodic audits are undertaken by SWAP.

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Risk: Home Safeguard system failure An IT failure would result in the Council being unable to receive emergency calls from clients with Home Safeguard alarm equipment installed in their homes. This could result in emergency calls remaining unanswered and the worst case scenario of a death of an elderly or vulnerable client.					Risk Code: HOU-RK-0043
Pure Status: High (16)		Pure Risk Impact: Major	Pure Risk Likelihood: Very Likely		
Residual Status: Medium (8)		Residual Risk Impact: Major	Residual Risk Likelihood: Unlikely		
Service: Housing					
Control Action records					
Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Disaster recovery process	Ability to transfer calls to Exeter City Council's call centre in Exeter.	Sue Bewes	01/10/2009	05/05/2021
Working and Effective	Maintenance contract	Contract with software supplier with 4 hour response time.	Sue Bewes	01/10/2009	05/05/2021
Working and Effective	Staff trained on system failure	Staff manual and training provided for staff to action in an emergency	Sue Bewes	01/10/2009	05/05/2021
Working and Effective	Upgraded / New UPS system	Upgrade and installation of new UPS system at same time as PNC6 system installed to ensure no break in service/availability in power/back up is experienced.	Sue Bewes	28/10/2009	05/05/2021
Working and Effective	UPS system	Uninterrupted Power Supply installed	Sue Bewes	01/10/2009	05/05/2021
Responsible Officer: Sue Bewes					
Review Note:					

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Risk: Loss of rental income Significant loss or non collection of rental income will have a major impact on the Housing Revenue Account and our ability to deliver housing services to our tenants. **Risk Code: HOU-RK-0045**

Pure Status: High (12) **Pure Risk Impact: Serious** **Pure Risk Likelihood: Very Likely**

Residual Status: Medium (9) **Residual Risk Impact: Serious** **Residual Risk Likelihood: Likely**

Service: Housing

Control Action records

Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Intervention when arrears occur	Clear and robust procedures for intervention when tenant arrears escalate beyond a specified level.	Sue Bewes	28/10/2009	05/05/2021
Working and Effective	New tenancy 'sign up'	Early guidance to new tenants on expectations for rent payments and the implications of non payment. Tenant Handbook and Systems Thinking redesign emphasises this approach.	Sue Bewes	02/10/2009	05/05/2021
Working and Effective	Procedures for income management	Comprehensive and up to date procedures for income management that staff are trained in and understand fully.	Sue Bewes	28/10/2009	05/05/2021
Working and Effective	Promote help that can be provided	Promote Credit Unions and use of Discretionary Housing Payments	Sue Bewes	31/03/2013	05/05/2021
Working and Effective	Provision made for increased bad debt	Provision made for increased bad debt	Sue Bewes	31/03/2013	05/05/2021
Working and Effective	Rent payment methods	Operating a number of payment methods for tenants including direct debit availability for all tenants.	Sue Bewes	28/10/2009	05/05/2021
Working and Effective	Segregation of duties	Annual audit reports refer to segregation of duties (rent collection and debt creation) and this is a mitigated risk in a small Rental Section where existing controls attempt to prevent fraud.	Sue Bewes	12/05/2010	05/05/2021
Working and Effective	Systems Thinking Regime	Tenant Handbook and Systems Thinking redesign.	John Golding	02/10/2009	05/05/2021
Working and Effective	Welfare Advisors appointed	Welfare Advisors appointed to provide advice and information to tenants	Sue Bewes	31/03/2013	05/05/2021

Responsible Officer: Sue Bewes

Review Note:

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Risk: Failure of Responsive Repairs contractor Failure of performance under the Partnering Agreement by one of our responsive repair contractors leading to an inability to perform day to day repairs to tenants homes.				Risk Code: HOU-RK-0046	
Pure Status: High (12)		Pure Risk Impact: Serious	Pure Risk Likelihood: Very Likely		
Residual Status: Medium (9)		Residual Risk Impact: Serious	Residual Risk Likelihood: Likely		
Service: Housing					
Control Action records					
Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Ability to transfer work between contractors	Any difficulty with contractors can be resolved by utilising the other partner.	John Golding	02/11/2009	05/05/2021
Working and Effective	Contract conditions	Adherence to the contract conditions and close liaison with contractors.	John Golding	02/10/2009	05/05/2021
Working and Effective	Contract performance monitoring	Regular and comprehensive contract monitoring and use of satisfaction surveys. Tenants involved in contract monitoring.	John Golding	02/10/2009	05/05/2021
Responsible Officer: John Golding					
<p>Review Note: The current Integrated Asset Management contractor has mobilised effectively and entered a period of struggling to maintain acceptable performance. An Improvement Plan has been put in place and has improved performance. Our partners appears financially sound and we undertake periodic checks. The pandemic has impacted on cashflow.</p> <p>Our risk has increased by working exclusively with one contractor, so more frequent checks on their financial health will be performed.</p>					

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Risk: New-Build Council Homes The risks associated with being a developer of council homes, especially with regards potential abortive costs, cost overruns, failure to obtain planning permission and loss of HCA grant. **Risk Code: HOU-RK-0047**

Pure Status: High (16) **Pure Risk Impact: Major** **Pure Risk Likelihood: Very Likely**

Residual Status: Medium (9) **Residual Risk Impact: Serious** **Residual Risk Likelihood: Likely**

Service: Housing

Control Action records

Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
in Planning / Progress	Development expertise	Ensure that we have the necessary development expertise through the appointment of external consultants and we engage appropriate internal advice on planning, legal, and property matters.	John Golding	02/10/2009	05/05/2021
in Planning / Progress	Homes and Community Agency (HCA) bids and grants	Ensure that we can comply with all the bidding requirements set by the HCA as part of the Investment Management System.	John Golding	02/10/2009	05/05/2021
Completed	Joining Partnership South West development consortium	Can call on development expertise of experienced housing association developers.	John Golding	15/09/2011	05/05/2021
Working and Effective	Robust development proposals	Ensure that building proposals have been carefully assessed and realistic prior to bids for HCA grant, planning permission, tender etc.	John Golding	02/10/2009	05/05/2021

Responsible Officer: John Golding

Review Note: We attempt to de-risk projects by careful analysis and accurate costings with contingencies. We have officers with experience in development project appraisal and financial viability assessments. We are likely to undertake more projects as this is a priority for the council, although we need to prioritise compliance (tenant safety) spend and climate change investment, which leaves limited capacity to undertake development.

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Risk: A major homelessness incident Major homeless incident caused through fire, flood or some other major incident that stretches our resources and ability to house a large number of homeless households at one time.			Risk Code: HOU-RK-0048		
Pure Status: Medium (8)		Pure Risk Impact: Major	Pure Risk Likelihood: Unlikely		
Residual Status: Medium (8)		Residual Risk Impact: Major	Residual Risk Likelihood: Unlikely		
Service: Housing					
Control Action records					
Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Devon County Council	There is a relationship between East Devon District Council and the County when dealing with an emergency (their Emergency Planning Team), take over responsibility.	John Golding	02/11/2009	05/05/2021
Working and Effective	Emergency and Rest Centre Plan	Follow the guidance provided in the Emergency Plan and plan for establishing a Rest Centre during a major incident.	John Golding	02/10/2009	05/05/2021
Working and Effective	Out of hours contact	Ensure that Home Safeguard have the necessary contact details for emergencies that occur outside normal office hours and that key staff are contactable.	John Golding	02/10/2009	05/05/2021
Working and Effective	Training for an emergency	Ensure staff likely to be called are familiar with what is expected of them during a major emergency.	John Golding	02/10/2009	05/05/2021
Responsible Officer: John Golding					
Review Note: Emergency Rest Centre Plan produced and adopted to sit alongside the Emergency Plan and response. Some experience in the team in dealing with emergency incidents and training undertaken by the Service managers.					

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Risk: Safeguarding Children Failure to notify the responsible authority when staff suspect a child is at risk.		Risk Code: HOU-RK-0049			
Pure Status: High (12)	Pure Risk Impact: Major	Pure Risk Likelihood: Likely			
Residual Status: Medium (9)	Residual Risk Impact: Serious	Residual Risk Likelihood: Likely			
Service: Housing					
Control Action records					
Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Email reminder from Strategic Lead	Following the audit review of the Council's arrangements for safeguarding the Strategic Lead sends global email reminding staff to be vigilant and apply the adopted policy.	John Golding	02/11/2009	05/05/2021
Working and Effective	Liaison with the Children's Trust	Close liaison and joint working with the Children's Trust and Social Services to ensure that we are up to date with developments in child protection.	John Golding	02/10/2009	05/05/2021
Working and Effective	Safeguarding Children Policy	Ensure that all staff are aware of the policy and their responsibility to report suspicions of the need for child protection.	John Golding	02/10/2009	05/05/2021
Working and Effective	Staff training	DVD training available	John Golding	02/11/2009	05/05/2021
Responsible Officer: John Golding					
Review Note: Our Safeguarding Policy identifies the actions we need to take as an organisation where we consider a person is at risk. This is backed up by procedures and guidance. Relies on being vigilant and acting on safeguarding concerns.					

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Risk: Safeguarding adults A failure to take action when staff suspect a case of abuse of older people having regard to our Safeguarding Older People policy.				Risk Code: HOU-RK-0050	
Pure Status: High (12)		Pure Risk Impact: Serious	Pure Risk Likelihood: Very Likely		
Residual Status: Medium (9)		Residual Risk Impact: Serious	Residual Risk Likelihood: Likely		
Service: Housing					
Control Action records					
Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Devon County 'Pathways'	Introduced a TAP (tenant assessment process) for all residents in sheltered housing.	Sue Bewes	28/10/2009	05/05/2021
Working and Effective	Risk Assessments	Review and update Support Plans and Risk Assessments for all residents receiving nursing related support on an annual basis.	Sue Bewes	02/10/2009	05/05/2021
Working and Effective	Safeguarding Older People Policy	Ensure all staff are aware of the adopted policy for spotting, reporting and dealing with suspected abuse situations.	Sue Bewes	02/10/2009	05/05/2021
Working and Effective	Scheme Manager's Procedure Manual	All Scheme Managers are provided with a handbook/procedure manual to guide them	Sue Bewes	28/10/2009	05/05/2021
Working and Effective	Training 'POVA' provided by Devon County Council	All staff who are in direct and indirect contact with vulnerable people to receive the POVA training with updates every three years through DCC Training Programme.	Sue Bewes	28/10/2009	05/05/2021
Responsible Officer: Sue Bewes					
Review Note:					

Appendix A Strategic Register Housing and Finance

Risk: Lone working - Housing Service Failure to protect staff who are lone working in the community.			Risk Code: HOU-RK-0051		
Pure Status: High (16)		Pure Risk Impact: Major	Pure Risk Likelihood: Very Likely		
Residual Status: Medium (8)		Residual Risk Impact: Major	Residual Risk Likelihood: Unlikely		
Service: Housing					
Control Action records					
Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Bespoke Lone Working Arrangements	Each section within Housing have their own Lone Working procedures and practices.	Andrew Mitchell	28/10/2009	05/05/2021
Working and Effective	Health & Safety Advisor	The Council has an officer dedicated to ensuring the Health & Safety of Employees who gives advice where necessary.	Andrew Mitchell	28/10/2009	05/05/2021
Working and Effective	Home Safeguard monitoring of lone workers	The lone worker monitoring facility through the PNC6 system at Home Safeguard.	Andrew Mitchell	28/10/2009	05/05/2021
Working and Effective	Lone Working Policy and associated training	Ensure that all staff are aware of and follow the Lone Working Policy and procedures designed to protect their safety. Ensure all relevant staff attend training.	Andrew Mitchell	02/10/2009	05/05/2021
Responsible Officer: Sue Bewes					
Review Note:					

Risk: Failure to achieve Housing Strategy targets Housing Strategy not being 'fit for purpose' and/or targets and actions contained within the action plan are not delivered, damaging our reputation and the housing opportunities for residents.			Risk Code: HOU-RK-0056		
Pure Status: High (12)		Pure Risk Impact: Major	Pure Risk Likelihood: Likely		
Residual Status: Low (4)		Residual Risk Impact: Significant	Residual Risk Likelihood: Unlikely		
Service: Housing					
Control Action records					
Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
No Data available	Assign actions to lead managers	Individual managers are responsible for reporting progress on key actions.	Andrew Mitchell	02/10/2009	05/05/2021
No Data available	Monitoring performance	Clear monitoring regime in place for monitoring compliance with the actions within the timescales and milestones stated in the Housing Strategy.	Andrew Mitchell	02/10/2009	05/05/2021
No Data available	SPAR.net monitoring	Individual managers assigned responsibility for reporting on progress in respect of key actions.	Andrew Mitchell	02/10/2009	05/05/2021
Responsible Officer: Andrew Mitchell					
Review Note:					

Appendix A Strategic Register Housing and Finance

Risk: Failure to provide accurate or helpful housing/homelessness advice Erroneous or incorrect housing advice given which could result in a tenant or owners losing their home and/or the Council failing to fulfil its legal duties. This could result in adverse publicity and/or legal action, or an Ombudsman complaint upheld against us.					Risk Code: HOU-RK-0069
Pure Status: High (12)		Pure Risk Impact: Serious	Pure Risk Likelihood: Very Likely		
Residual Status: Low (4)		Residual Risk Impact: Significant	Residual Risk Likelihood: Unlikely		
Service: Housing					
Control Action records					
Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
No Data available	Procedures	Ensure that clear procedures and good practice advice is available and accessible by staff working in the field.	Andrew Mitchell	05/10/2009	05/05/2021
No Data available	Scrutinise decisions	Managers to regularly scrutinise decisions made by staff and sample check advice being provided.	Andrew Mitchell	05/10/2009	05/05/2021
No Data available	Staff supervision	Ensure that staff are properly supervised and can call on a manager for advice and support.	Andrew Mitchell	05/10/2009	05/05/2021
No Data available	Staff training	Ensure that housing staff who give advice undergo comprehensive training on the legal framework they are operating within, case law and housing options.	Andrew Mitchell	05/10/2009	05/05/2021
Responsible Officer: Andrew Mitchell					
Review Note: EDDC are meeting it's legislative obligations by operating an accessible housing and homelessness advice service, full details of how to access the service are included in the EDDC website					

Appendix A Strategic Register Housing and Finance

Risk: Maintain a Housing Register Comply with the legislation and guidance in respect of access to housing through a Housing Register.				Risk Code: HOU-RK-0070	
Pure Status: High (12)		Pure Risk Impact: Serious	Pure Risk Likelihood: Very Likely		
Residual Status: Low (2)		Residual Risk Impact: Significant	Residual Risk Likelihood: Remote		
Service: Housing					
Control Action records					
Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Devon Home Choice	Work in partnership with other local authorities and Registered Social Landlords to ensure compliance with government guidance.	Andrew Mitchell	05/10/2009	05/05/2021
Working and Effective	Policy and procedures	Ensure that documented policy and procedures are in place and regularly reviewed.	Andrew Mitchell	05/10/2009	05/05/2021
Working and Effective	Staff training	Ensure that staff are fully trained in the management and administration of the housing register.	Andrew Mitchell	05/10/2009	05/05/2021
Responsible Officer: Andrew Mitchell					
Review Note: The Devon Home Choice (DHC) system continues to be an effective and transparent mechanism to allocate accommodation. The DHC Partnership is working and effective, with regular participation from staff at EDDC at both the DHC operational and management board meetings.					

Appendix A Strategic Register Housing and Finance

Risk: Failure to protect against tenancy fraud Failure to protect the council and its existing and prospective tenants against tenancy fraud, which may be the granting of a property to an inappropriate person or where a tenant illegally sublets.				Risk Code: HOU-RK-0091	
Pure Status: High (12)		Pure Risk Impact: Serious	Pure Risk Likelihood: Very Likely		
Residual Status: Medium (9)		Residual Risk Impact: Serious	Residual Risk Likelihood: Likely		
Service: Housing					
Control Action records					
Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Occupancy checks on tenants in temporary and general accommodation	Periodic and targeted occupancy checks undertaken to determine the appropriate occupier is residing in the property.	Sue Bewes	13/10/2009	05/05/2021
Working and Effective	Social housing fraud initiative	Subscribing to the national fraud prevention initiative and following Audit Commission advice.	Sue Bewes	13/10/2009	05/05/2021
Working and Effective	Tenancy Fraud Strategy	Strategy agreed by the Housing Review Board to be implemented.	Sue Bewes	04/05/2011	05/05/2021
Working and Effective	Tenancy 'sign up' checks	Undertaking a series of checks on identity and circumstances at tenancy 'sign up' to ensure the tenancy is being grant to an appropriate person.	Sue Bewes	13/10/2009	05/05/2021
Responsible Officer: Sue Bewes					
Review Note:					

Appendix A Strategic Register Housing and Finance

Risk: Fraud re Rent Collection Lack of segregation of officers who create and collect debts gives rise to a potential for fraud.			Risk Code: HOU-RK-0137		
Pure Status: Medium (6)		Pure Risk Impact: Significant	Pure Risk Likelihood: Likely		
Residual Status: Medium (6)		Residual Risk Impact: Significant	Residual Risk Likelihood: Likely		
Service: Housing					
Control Action records					
Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Internal procedures	Our adopted Rent Management procedures and management of the section attempts to minimise the risk of employee fraud. Accruing accounts are sent to Accountancy monthly to enable the General Ledger to be updated. Quarterly rent statements are sent to tenants who can verify payments on their accounts.	Sue Bewes	13/05/2010	05/05/2021
Working and Effective	Manual controls	There are manual controls in place that reconcile the following financial elements Housing Benefits from the Academy system interface, rent account payments on the interface from the cashiers system, the weekly rents and service charges debits that are raised weekly within Open Housing, Direct Debit payments and refunds of overpaid rent. Apart from Direct Debits and refunds all the other elements are reconciled weekly and Direct Debits and refunds are reconciled on a monthly basis.	Sue Bewes	13/05/2010	05/05/2021
Working and Effective	Open Housing software system	The Open Housing software contains a number of checks and reporting mechanisms that allow the administrator to check on usage. The system has full audit trails and any transaction within the system can be traced to the user.	Sue Bewes	13/05/2010	05/05/2021
Completed	Systems Thinking review	No change to patch working will be made until a Systems Thinking review has carefully assessed the implications for customers and good practice. Consultation will be undertaken before the current arrangements are changed.	Sue Bewes	13/05/2010	05/05/2021
Responsible Officer: Sue Bewes					
Review Note:					

Appendix A Strategic Register Housing and Finance

Risk: Loans taken out for self-financing Ability to repay debt on loans taken out under the self-financing regime introduced by the Localism Act					Risk Code: HOU-RK-0171
Pure Status: Medium (6)	Pure Risk Impact: Serious		Pure Risk Likelihood: Unlikely		
Residual Status: Medium (6)	Residual Risk Impact: Serious		Residual Risk Likelihood: Unlikely		
Service: Housing					
Control Action records					
Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Business planning	Forward planning on main income and expenditure requirements	John Golding	02/11/2017	05/05/2021
Working and Effective	Set aside provision for repayment	Create a fund for the repayment of loans	John Golding	31/03/2013	05/05/2021
Working and Effective	Tracking Welfare Reform	We are following changes in legislation and keeping tenants informed.	John Golding	10/10/2013	05/05/2021
Responsible Officer: John Golding					
Review Note: We have created a robust Business Plan, including a Volatility Fund to help protect against future financial problems. The greatest threat at the moment is tenants experiencing poverty and Welfare Reform resulting in tenants reduction in benefit that prevents them paying their rent.					

Risk: Right to Buy Right to Buy sales differ from the predictions in the HRA Business Plan					Risk Code: HOU-RK-0172
Pure Status: Medium (6)	Pure Risk Impact: Significant		Pure Risk Likelihood: Likely		
Residual Status: Medium (6)	Residual Risk Impact: Significant		Residual Risk Likelihood: Likely		
Service: Housing					
Control Action records					
Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Cancel agreement with MHCLG on RTB spending commitment	Cancel the agreement with the MHCLG and repay receipts with interest.	John Golding	31/03/2013	05/05/2021
Not Effective	Costs could be reduced to maintain HRA viability	Costs could be reduced, probably in the major repairs area to ensure that the HRA maintains a surplus.	John Golding	31/03/2013	05/05/2021
in Planning / Progress	Loans could be increased to keep the HRA viable	Loans could be increased to ensure income is not compromised.	John Golding	31/03/2013	05/05/2021
Responsible Officer: John Golding					
Review Note: Right to Buy sales have continued to erode our housing stock as a result of changes to Government incentives on the level of discount offered potential/eligible purchasers. Sales are monitored closely and reported regularly to the Housing Review Board. Sales numbers are not undermining the Business Plan but we are keeping this situation under review. Spending RtB receipts is also carefully monitored as our attempt to replace some of the stock lost.					

Appendix A Strategic Register Housing and Finance

Risk: Unforeseen expenditure on council homes Unplanned need to spend on repairs and maintenance			Risk Code: HOU-RK-0173		
Pure Status: Medium (9)		Pure Risk Impact: Serious		Pure Risk Likelihood: Likely	
Residual Status: Medium (9)		Residual Risk Impact: Serious		Residual Risk Likelihood: Likely	
Service: Housing					
Control Action records					
Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	HRA Business Plan	The HRA Business Plan captures known items of major expenditure and is designed to maintain the Council's assets.	John Golding	31/03/2013	05/05/2021
Working and Effective	Improvement programmes	We devise five year improvement programme to ensure that the housing stock is fit for purpose.	John Golding	31/03/2013	05/05/2021
Completed	Insurance	Council homes are insured.	John Golding	31/03/2013	05/05/2021
Working and Effective	Stock survey information	We use stock condition information to predict major expenditure and plan spend over a number of years.	John Golding	31/03/2013	05/05/2021
Responsible Officer: John Golding					
<p>Review Note: We have seen weather related water penetration damage during previous winters. Compliance issues around asbestos, fire proofing, gas safety and legionella can highlight unplanned expenditure. Budget surpluses and reserves will allow for a certain amount of unforeseen expenditure. Additional funding on fire prevention works, lift replacement, and climate change has been budgeted for when the need for spend arises. The planned stock condition survey may reveal some unexpected costs in respect of catch up repairs.</p>					

Risk: Failure of a private water supply Contamination of a private water supply.			Risk Code: HOU-RK-0180		
Pure Status: Medium (9)		Pure Risk Impact: Serious		Pure Risk Likelihood: Likely	
Residual Status: Medium (6)		Residual Risk Impact: Significant		Residual Risk Likelihood: Likely	
Service: Housing					
Control Action records					
Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Advice	The Council provides advice to the owners of private water supplies.	John Golding	31/03/2013	05/05/2021
Working and Effective	Risk assessment	All private water supplies are being risk assessed and advice given to the owners.	John Golding	31/03/2013	05/05/2021
Working and Effective	Water supply sampling	A regime of water supply testing through sampling is in place.	John Golding	31/03/2013	05/05/2021
Responsible Officer: John Golding					
<p>Review Note: A testing regime is in place, but we are unable to control the quality of private water supplies. We advise and guide supply owners. We adhere to national guidance and good practice advice.</p>					

Appendix A Strategic Register Housing and Finance

Risk: Sheltered housing improvements Implement programme of upgrading sheltered housing and making 'fit for purpose'.				Risk Code: HOU-RK-0181	
Pure Status: Medium (6)		Pure Risk Impact: Significant		Pure Risk Likelihood: Likely	
Residual Status: Medium (6)		Residual Risk Impact: Significant		Residual Risk Likelihood: Likely	
Service: Housing					
Control Action records					
Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Funding availability	The HRA Business Plan and annual budgets contain identified budgets for this work.	Sue Bewes	31/03/2013	05/05/2021
Working and Effective	Tenant involvement	Tenants are consulted on the improvements planned.	Sue Bewes	31/03/2013	05/05/2021
Responsible Officer: Sue Bewes					
Review Note:					

Appendix A Strategic Register Housing and Finance

Risk: Failure to satisfy a compliance requirement Failure to maintain gas safety, fire risk, asbestos register, solid fuel servicing, and legionella testing to meet legal requirements. **Risk Code: HOU-RK-0203**

Pure Status: High (12) **Pure Risk Impact: Major** **Pure Risk Likelihood: Likely**

Residual Status: High (12) **Residual Risk Impact: Major** **Residual Risk Likelihood: Likely**

Service: Housing

Control Action records

Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Annual gas servicing	Landlords gas appliances are serviced on a 11 month cycle to ensure that all appliances have a current LGSR certificate. OpenHousing and Liberty Gas schedules produced in advance of servicing deadlines and legal action taken where entry is refused. Boilers and appliances in communal building are included on the schedule.	John Golding	27/06/2017	05/05/2021
Working and Effective	Asbestos register	An Asbestos Register is maintained and made available to contractors. Asbestos surveys are undertaken on void properties and a programme is in place to cover all of the Housing Portfolio.	John Golding	27/06/2017	05/05/2021
Working and Effective	Fire Risk Assessments	All buildings with communal areas are subject to an annual Fire Risk Assessment undertaken by a competent person. Records are maintained and recommendations implemented.	John Golding	27/06/2017	05/05/2021
Working and Effective	Legionella testing	A programme of legionella testing is undertaken in voids and communal buildings, and advice provided to tenants.	John Golding	27/06/2017	05/05/2021
Working and Effective	Soild Fuel appliances	A schedule of annual servicing is performed on all solid fuel appliances. A contract is being let to ensure servicing meets our requirements.	John Golding	27/06/2017	05/05/2021
Working and Effective	Sufficient qualified staff	We require sufficient, qualified surveyors and property maintenance staff to ensure that we are fully compliant with the legal framework and good practice guidance arond buildig and tenant safety.	John Golding	11/03/2021	05/05/2021

Responsible Officer: John Golding

Review Note: We have adopted policies and procedures covering compliance issues, and contracts have been framed to ensure continuing compliance. This work is a priority for the Service. We have appointed a Compliance Manager who monitors programmes and raise alerts when problems occur. We have performance indicators showing the real time compliance position. There is a requirement to be constantly vigilant.

We need sufficient, suitably qualified staff in post and working to clear policies and programmes, to ensure compliance with building and tenant safety standards.

Appendix B Strategic Register

Report for 2021/2022

Filtered by Flag: Include: Strategic Risks

Exclude: Archive

Not Including Projects records, Including Control Action records

Key to Performance Status:

Control Action:	No longer required	No Data available	Not Effective	in Planning / Progress	Completed	Working and Effective
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Risks:	No Data (0+)	High (12+)	Medium (6+)	Low (1+)
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Appendix B Strategic Register

<p><u>Risk: Adequacy of financial resource planning to deliver the Council's priorities</u> Insufficient financial resources to deliver Council priorities as a consequence of:</p> <p>a) Failure of financial forecasting, budgeting, monitoring and reporting system resulting in insufficient financial resources and inadequate reserves b) Failure to use resources available effectively c) Reduction in government funding</p>	<p>Risk Code: 010-RK-0054</p>
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Pure Status: High (12)	Pure Risk Impact: Major	Pure Risk Likelihood: Likely
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Residual Status: Medium (9)	Residual Risk Impact: Serious	Residual Risk Likelihood: Likely
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Service: Strategic Risks

Control Action records

Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Annual budget preparation and monitoring	Service managers, directors, members involved in the preparation of budgets and in the monitoring/reporting of actual financial performance during the course of the year. This is done early so that the budget for the next year is balanced well in advance	Simon Davey	02/10/2009	05/05/2021
Working and Effective	Awareness of Government policy and funding regimes	Awareness of Government policy and funding regimes	Simon Davey	01/11/2017	05/05/2021
Working and Effective	Efficiency	The council will look to achieve efficiency targets in order that the resources that are available are directed towards delivering key priorities	Simon Davey	30/10/2009	05/05/2021
Working and Effective	Financial regulations and operating procedures	Internal arrangements designed to ensure financial resources are securely held and appropriately used	Simon Davey	02/10/2009	05/05/2021
Working and Effective	Production and approval of MTFP & Transformation Strategy	Preparation of a Transformation Strategy and a medium term term financial plan forecasting income and expenditure and any potential gap in	Simon Davey	02/10/2009	05/05/2021

Appendix B Strategic Register

Control Action records

Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
		resources			
Working and Effective	Prudential borrowing	Ensure borrowing is affordable and sustainable	Simon Davey	29/10/2009	05/05/2021
Working and Effective	Reserve policy	Maintenance of adequate reserves at a level designed to ensure the council can continue to deliver services in the event of reducing incomes or higher than expected costs.	Simon Davey	02/10/2009	05/05/2021

Responsible Officer: Simon Davey

Review Note: The MTFP is highlighting budgets deficits in maintaining current service delivery and the new Council Plan emerging has ambitious objectives which it will find difficult, if not impossible to fund.

Appendix B Strategic Register

Risk: Major disruption in continuity of computer and telecommunications services					Risk Code: 010-RK-0065
Major disruption in continuity of computer and telecommunications facilities to the detriment of service delivery including Cyber-attack					
Pure Status: High (12)		Pure Risk Impact: Major	Pure Risk Likelihood: Likely		
Residual Status: Medium (8)		Residual Risk Impact: Major	Residual Risk Likelihood: Unlikely		
Service: Strategic Risks					
Control Action records					
Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	CoCo Compliance	Ensure compliance with Code of Connection government standard for system, network and information security design and monitoring that requires yearly approval.	Simon Davey	05/10/2009	05/05/2021
Working and Effective	ICT Strategy	Ensure our ICT Strategy sets out our design and selection of resilient systems including virtualised processor and storage arrays; dual path networks; built in system redundancies; UPS and back-up power supplies	Simon Davey	05/10/2009	05/05/2021
Working and Effective	Information Security Policy	Information Security Policy in place to protect systems from electronic attack; inappropriate user access; inappropriate use of systems.	Simon Davey	05/10/2009	05/05/2021
Working and Effective	IT Service Continuity Plan	In the event of a major incident that prevents use of the main data centre at Blackdown House plans and systems are in place to transfer IT operations to Oakwood House, Exeter	Simon Davey	01/08/2011	05/05/2021
Working and Effective	ITIL-based processes	ITIL-based service management processes, best practice designed to deliver quality IT services and include processes for Change Management, Incident Management; Problem Management	Simon Davey	05/10/2009	05/05/2021
Responsible Officer: Simon Davey					
Review Note:					

Appendix B Strategic Register

Risk: Adequate emergency planning and business continuity A failure to adequately plan for emergencies and understand what issues arise in planning for business continuity could lead to a major service failure. **Risk Code: 010-RK-0080**

Pure Status: High (12)

Pure Risk Impact: Major

Pure Risk Likelihood: Likely

Residual Status: Medium (9)

Residual Risk Impact: Serious

Residual Risk Likelihood: Likely

Service: Strategic Risks

Control Action records

Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Business Continuity Plans	During the Covid-19 pandemic the need for robust Business Continuity Plans was evident and the need to link these to the Emergency Plan to ensure a coordinated response across the organisation.	John Golding	26/05/2020	05/05/2021
Working and Effective	Clear accountability for cascading information and communicating to the staff and public	Clear accountability for cascading information and communicating to the staff and public	John Golding	31/03/2014	05/05/2021
Working and Effective	Effective liaison, contact, communication and training arrangements	Effective communication and training associated with the Plan	John Golding	07/10/2009	05/05/2021
Working and Effective	Effective local plan for emergencies	Clear allocation of accountability and key personnel identified in the Business Continuity Plan	John Golding	07/10/2009	05/05/2021
Working and Effective	Effective means of securing resources/equipment and implementing plan	During normal working hours and out of hours	John Golding	07/10/2009	05/05/2021
Working and Effective	Recovery Plans	During the Covid-19 pandemic the response phase was directed by the Emergency Plan and a prolonged recovery process was necessary requiring a Recovery Plan structured around the guidance in the Business Continuity Plan.	John Golding	26/05/2020	05/05/2021
Working and Effective	Regular review of Council Emergency and Business Continuity Plan	Regular review of Council Emergency and Business Continuity Plan	John Golding	31/03/2014	05/05/2021
Working and Effective	Rehearsal and testing of the plan by various service areas	Ensure a regular and planned test and review of the Emergency Plan to ensure it is operable, effective, streamlined and up-to-date.	John Golding	07/10/2009	05/05/2021
Working and Effective	Representation on Tactical and Strategic Coordination Groups	During the Covid-19 pandemic we have consistently accessed and participated in TCG and SCG peninsular groups and cascaded relevant actions and issues to SMT+ colleagues.	John Golding	26/05/2020	05/05/2021

Appendix B Strategic Register

Control Action records

Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Use of Issues Logs and risk assessments	During the Covid-19 pandemic we introduced an Issues Log to maintain a track of actions, problems, and responsibilities. This formed the basis of the management response and audit trail	John Golding	26/05/2020	05/05/2021

Responsible Officer: John Golding

Review Note: The corporate Emergency Plan was updated in 2020 and Business Continuity Plans in early 2020 in response to the pandemic. We re-joined the Devon Emergency Planning Partnership in 2019 and are benefiting from access to regional expertise and support. Services have experience in dealing with emergencies. The warning/alerting system is tried and tested. The Covid-19 pandemic has put our plans to the test.

Appendix B Strategic Register

Risk: Failure to ensure that our corporate property portfolio is fully compliant with legal requirements. Failure to ensure that our corporate property portfolio is fully compliant with legal requirements. A failure to ensure our property portfolio is fully compliant with all health and safety and other legal requirements could lead to serious injury or litigation.					Risk Code: 010-RK-0153
Pure Status: Medium (6)	Pure Risk Impact: Serious		Pure Risk Likelihood: Unlikely		
Residual Status: Low (2)	Residual Risk Impact: Significant		Residual Risk Likelihood: Remote		
Service: Strategic Risks					
Control Action records					
Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
in Planning / Progress	Building managers statutory compliance training required	Ensure building managers staff training for statutory dangers such as asbestos awareness is kept up to date. Training being picked up corporately to ensure all staff receive training as per a recently reviewed training matrix. Corporate workshop taken place and chaired by Property & Estates. Further workshops to be arranged with updates back to SMT.	Tim Child	30/09/2010	05/05/2021
Working and Effective	Undertake condition surveys and planned maintenance of buildings	Condition survey undertaken, planned maintenance progressing as per the surveys	Tim Child	30/03/2017	05/05/2021
Completed	Up to date Asbestos policy and monitoring	All compliance health & safety policies being reviewed. Corporate workshop taken place and chaired by Property & Estates. Further workshops to be arranged with updates back to SMT.	Tim Child	30/06/2010	05/05/2021
Completed	Up to date Legionella Policy and monitoring	All compliance health & safety policies being reviewed. Corporate workshop taken place and chaired by Property & Estates. Further workshops to be arranged with updates back to SMT.	Tim Child	30/09/2010	05/05/2021
Responsible Officer: Tim Child					
Review Note:					

Appendix B Strategic Register

Risk: Delivery of Growth Point Delivery of Growth Point – Failure to delivery planned housing and business growth, including a successful and vibrant new town.			Risk Code: 010-RK-0205		
Pure Status: Medium (9)		Pure Risk Impact: Serious		Pure Risk Likelihood: Likely	
Residual Status: Medium (6)		Residual Risk Impact: Serious		Residual Risk Likelihood: Unlikely	
Service: Strategic Risks					
Control Action records					
Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
in Planning / Progress	Enterprise Zone in place	Enterprise Zone commenced 1st April 2017 with DCLG approval, officer resources and budget in place and forward funding/borrowing strategies in development.	Andrew Wood	01/11/2017	05/05/2021
in Planning / Progress	Project Teams and individuals identified to meet key delivery targets.	Project Teams and individuals identified to meet key delivery targets. Initial investment projects are underway with Council approval.	Andrew Wood	01/11/2017	05/05/2021
Responsible Officer: Andrew Wood					
Review Note: Good momentum being achieved with the Enterprise Zone desingation including enabling infrastructure investments.					

Appendix B Strategic Register

Risk: Increasing homelessness Failure to meet our statutory obligations for homelessness applications including securing suitable and cost effective temporary accommodation. Poor homelessness decisions risk legal challenge, reputational damage and disadvantage applicants.					Risk Code: 010-RK-0206
Pure Status: High (12)		Pure Risk Impact: Serious	Pure Risk Likelihood: Very Likely		
Residual Status: Medium (9)		Residual Risk Impact: Serious	Residual Risk Likelihood: Likely		
Service: Strategic Risks					
Control Action records					
Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Affordable housing	Continued supply of new affordable housing	John Golding	14/05/2018	05/05/2021
Working and Effective	Everyone In campaign	In association the Covid-19 pandemic we have complied with government advice and provided accommodation for all homeless households and rough sleepers. Two people have consistently refused our offer.	John Golding	27/05/2020	05/05/2021
Working and Effective	Homelessness & Rough Sleeping Strategy	The Homelessness Strategy is an overarching plan to tackle homelessness	John Golding	14/05/2018	05/05/2021
Working and Effective	Partnerships with statutory partners	Statutory partners such as the police and mental health services engaging in homelessness process	John Golding	14/05/2018	05/05/2021
Working and Effective	Partnerships with voluntary / charity groups	Effective partnerships with voluntary and charity groups working with helping homelessness	John Golding	14/05/2018	05/05/2021
Working and Effective	Safeguarding	Robust safeguarding systems in place	John Golding	14/05/2018	05/05/2021
Working and Effective	Supply of temporary accommodation	Adequate supply of temporary accommodation across the district	John Golding	14/05/2018	05/05/2021
Working and Effective	Trained staff	Trained, competent and dedicated staff dealing with homelessness	John Golding	14/05/2018	05/05/2021
Responsible Officer: John Golding					
Review Note: We have been implementing the requirements in the Homelessness Reduction Act 2018 in addition to the core homelessness legislation. The Homelessness & Rough Sleeping Strategy has been updated to reflect new pressures and working arrangements. We are also working on proposals for increasing supply of temporary accommodation. The pandemic has added to homeless pressures.					

Appendix B Strategic Register

Risk: Failure to ensure the Council's sustainability The failure to ensure that the Council is able to sustain its service provision in the long term and meet its priorities as set out in the Council Plan could lead to financial and reputation loss and impact on our communities.				Risk Code: 010-RK-0207	
Pure Status: High (12)		Pure Risk Impact: Major		Pure Risk Likelihood: Likely	
Residual Status: Medium (6)		Residual Risk Impact: Significant		Residual Risk Likelihood: Likely	
Service: Strategic Risks					
Control Action records					
Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
in Planning / Progress	Balanced communities	Work towards helping our communities to be balanced and vibrant through the provision of good quality affordable homes	Mark Williams	01/05/2018	05/05/2021
in Planning / Progress	Our environment	Work to protect and enhance the natural and built environment of East Devon	Mark Williams	01/05/2018	05/05/2021
in Planning / Progress	Our services	Provide good services that are efficient and accessible to our residents	Mark Williams	01/05/2018	05/05/2021
in Planning / Progress	Support our local economy	Support our local economy to encourage new business and help existing businesses to grow and bring better paid jobs to East Devon	Mark Williams	01/05/2018	05/05/2021
in Planning / Progress	Transformation Strategy	Respond to long term financial and political pressures through our Transformation Strategy	Mark Williams	01/05/2018	05/05/2021
Responsible Officer: Mark Williams					
Review Note: The council is working on the new Council Plan, which is due to be published in the Summer of 2021. A Statemet of Intent has been adopted while work on the plan is on going. This risk will be addressed and mitigation measures put in place.					

Appendix B Strategic Register

Risk: Failure to adequately protect staff health and safety at work Failure to adequately protect staff health and safety at work. Failure to protect staff appropriately could lead to serious injury and will expose the Council to reputation, legal and financial risks					Risk Code: 010-RK-0208
Pure Status: Medium (9)		Pure Risk Impact: Serious	Pure Risk Likelihood: Likely		
Residual Status: Medium (9)		Residual Risk Impact: Serious	Residual Risk Likelihood: Likely		
Service: Strategic Risks					
Control Action records					
Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Corporate Health and Safety Advisors	Expert corporate health and safety advisors available to promote good practice and assist managers implement their safety duties.	John Golding	09/01/2019	05/05/2021
Working and Effective	H&S Handbook	Introduced in StreetScene alongside safe systems of work and toolbox training.	John Golding	27/05/2020	05/05/2021
Working and Effective	Health and Safety culture	All staff and managers appreciating the importance of health and safety, properly trained and implementing good practice.	John Golding	09/01/2019	05/05/2021
Working and Effective	Health and Safety Policy	Operating to an up to date policy	John Golding	09/01/2019	05/05/2021
Working and Effective	Health and Safety training programme	A comprehensive health and safety training programme has been agreed with Service managers together with a procedure for booking, delivering and recording training requirements. Details of training and key health and safety documents are on the intranet.	John Golding	09/01/2019	05/05/2021
Responsible Officer: John Golding					
<p>Review Note: The increased profile and prioritisation of health and safety across the organisation will help ensure that we maintain a safe working culture and good accident record. A comprehensive training matrix and training programme is being delivered.</p> <p>We have achieved wider coverage of risk assessments, safe systems of work, and introduced a dedicated resource, H&S Handbook for StreetScene higher risk areas.</p>					

Appendix B Strategic Register

Risk: With the on-going Brexit negotiations and the uncertainties around our deal to leave the EU					Risk Code: 010-RK-0210
With the on-going Brexit negotiations and the uncertainties around our deal to leave the EU there implications for us to deal with including the loss of direct EU funding, uncertainty around the impact on inward investment, effects on business rate income, possible increases in demand pressures, the effects on our investments and borrowing, possible impact on pension fund deficits and the effects on supply of labour.					
Pure Status: Medium (9)	Pure Risk Impact: Serious		Pure Risk Likelihood: Likely		
Residual Status: Low (3)	Residual Risk Impact: Serious		Residual Risk Likelihood: Remote		
Service: Strategic Risks					
Control Action records					
Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
Working and Effective	Key Risks have been considered	Key public service areas possibly affected have been consider, the risk identified and mitigations recorded. A list is maintained on 'o' Drive SMT.	Simon Davey	31/10/2019	05/05/2021
Working and Effective	Member of DCC Brexit Resilience Group	The Group informs and advises actions required. The Chief Executive is the Council's representative.	Simon Davey	31/10/2019	05/05/2021
Responsible Officer: Simon Davey					
Review Note:					

Risk: Retaining and strengthen a collective approach to decision making					Risk Code: 010-RK-0211
Retaining and strengthen a collective approach to decision making to ensure we avoid poor decision making effecting our performance and our reputation.					
Pure Status: Medium (9)	Pure Risk Impact: Serious		Pure Risk Likelihood: Likely		
Residual Status: Medium (9)	Residual Risk Impact: Serious		Residual Risk Likelihood: Likely		
Service: Strategic Risks					
Control Action records					
Control Status	Control Action	Info	Responsible Person	Date Identified	Last Review Date
in Planning / Progress	Actions from the Peer Review action plan	Ensure that the recommendations contained within the Peer Review are actioned.	Mark Williams	14/01/2020	05/05/2021
Responsible Officer: Mark Williams					
Review Note: The question of revising the council's political management structure has been delayed pending the resolution of the Covid crisis. However members will return to this question as soon as they can.					

Report to: Audit and Governance Committee



Date of Meeting 23 September 2021

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

Partnership Review 2020/21

Report summary:

Partnership information for the 2020/21 financial year until March 2021 is supplied to allow the Audit and Governance Committee to monitor the status of our partnerships. This follows the year-end review of partnerships by responsible officers for 2020/21.

Is the proposed decision in accordance with:

Budget Yes No

Policy Framework Yes No

Recommendation:

That the Audit and Governance Committee considers the current status of our partnerships following the full partnership review undertaken in July 2021.

Reason for recommendation:

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

Officer: Simon Davey, Strategic Lead - Finance sdavey@eastdevon.gov.uk
 Joanne Avery, Management Information Officer javery@eastdevon.gov.uk

Portfolio(s) (check which apply):

- Climate Action and Emergencies
- Coast, Country and Environment
- Council and Corporate Co-ordination
- Culture, Tourism, Leisure and Sport
- Democracy and Transparency
- Economy and Assets
- Finance
- Strategic Planning
- Sustainable Homes and Communities

Equalities impact Low Impact

Climate change Low Impact

Risk: High Risk; Failure to identify, assess, monitor, review and manage partnerships could impact negatively (i.e. financial, reputational, operationally) on the council.

- **Links to background information** [Appendix A – Year-end partnership review 2020/21](#)

Link to [Council Plan](#):

Priorities (check which apply)

- Outstanding Place and Environment
- Outstanding Homes and Communities
- Outstanding Economic Growth, Productivity, and Prosperity
- Outstanding Council and Council Services

Report in full

1. The EDDC’s Partnership Policy requires all partnerships identified by the council to be reviewed annually. There are currently 11 active partnerships as defined by our policy which states that EDDC uses the following as the definition of a partnership: “An agreement between two or more independent bodies to work collectively to achieve an objective.” Also a partnership must reflect the following criteria:
 - critical to the delivery of the Council’s corporate priorities
 - strategic in nature
 - require significant resource input from the Council
 - have constitution and governance arrangements in place
 - have multi-agency membership
2. For this year-end review for 2020/21 all lead officers involved with a partnership were asked to assess the overall partnership, reviewing budget issues, achievements, forward plans and the ongoing benefit of continuing engagement with the partnership.
3. There is one partnership, that with LED, that has been removed from the partnership list as it was felt that this was a contractual relationship rather than a partnership and it is more appropriate to monitor the relationship by other means.
4. The partnerships are active and met at least three times annually, some more often. There are no major current budget issues with any of the partnerships although most receive some funding from EDDC. It is recommended that our involvement with each of the partnerships continues with benefits of continued engagement with each being outlined below.

Partnership	Active or inactive partnership	Benefit of continued engagement
Shared ICT service with Exeter City and Teignbridge Councils (Strata)	Active	Council Plan Outstanding Council: efficiencies - both financial, time saving and service resilience
South West Audit Partnership (SWAP)	Active	Council Plan Outstanding Council: efficiencies - both financial, time saving and service resilience
Exeter Science Park	Active	Key objective of the Council is delivery of a thriving, competitive local economy

Partnership	Active or inactive partnership	Benefit of continued engagement
(Exeter Science Park Company Ltd – ESPL)		
Cranbrook Strategic Delivery Board	Active	The delivery of the Cranbrook new community cuts across all of the key priorities in the Council Plan.
Enterprise Zone	Active	Continued delivery of new employment space and job opportunities. Overcoming barriers to delivery including in relation to Cranbrook town centre.
Exe Estuary Partnership	Active	To support the conservation and management of an internationally site for both wildlife and to educate and inform its users.
Devon Rural Housing Partnership	Active	To help ensure that good quality rural affordable housing for local people continues to be delivered in an attempt to meet the need.
DCHOP (Devon & Cornwall Housing Options Partnership)	Active	<ul style="list-style-type: none"> - sharing of good practice - opportunity to discuss issues and solve problems with other LA's - shared training (and cost benefits) - joint working opportunities, including joint funding bids - consistent and supportive approach to challenges such as new government legislation, funding cuts etc
Blackdown Hills Area of Outstanding Natural Beauty (AONB)	Active	<p>Proven partnership delivering AONB Management Plan and Duty of Regard for EDDC under Sec 85 CROW Act 2000.</p> <p>Significant leverage on EDDC funding.</p> <p>Strong cross-sector and community engagement and support.</p> <p>Key partnership targeting rural economy, farming and forestry.</p> <p>Policy development benefits eg LCA and bats</p> <p>Ambassador for EDDC/DCC.</p> <p>Working with farming & local communities - ELM trials and facilitation group.</p>
East Devon Area of Outstanding Natural Beauty (AONB)	Active	<p>Proven partnership delivering AONB Management Plan and Duty of Regard for EDDC under Sec 85 CROW Act 2000.</p> <p>Significant multiplier of EDDC's contribution.</p> <p>Continuation of partnership working with key public and private sector partners.</p> <p>Ability to access additional funding for local projects e.g. Corry & Coly NFM project.</p> <p>Working with farming & local communities - ELM trials and facilitation group.</p>
East and Mid Devon Community Safety Partnership	Active	It is a statutory requirement but it does demonstrate the added value of partnership working. Links to funding streams for OPCC and Safer Devon Partnership.

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

Financial implications:

No direct financial implications

Legal implications:

There are no direct legal implications

Report to: Audit and Governance Committee



Date of Meeting 23 September 2021

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

Section 106 and CIL Update

Report summary:

The purpose of this report is to update members on progress in implementing the actions identified in the SWAP audit that was presented to members at their meeting on the 28th January.

The audit report made two priority 2 recommendations relating to appointing additional temporary staff resource to help get the Exacom system up to date and the updating of guidance on the participatory budgeting process. A further two priority 3 recommendations were made in relation to the introduction of the public facing Exacom module and the use of Exacom for recovering outstanding payments. Officers have been working hard to progress these actions which have been largely completed within the required timescales.

Is the proposed decision in accordance with:

Budget Yes No

Policy Framework Yes No

Recommendation:

That Audit and Governance Committee note the progress that has been made to implement the actions of the S106 and CIL audit.

Reason for recommendation:

To ensure Members are informed of progress on implementing the actions identified by the S106 and CIL audit.

Officer: Ed Freeman – Service Lead – Strategic Planning and Development Management

Portfolio(s) (check which apply):

- Climate Action and Emergencies
- Coast, Country and Environment
- Council and Corporate Co-ordination
- Culture, Tourism, Leisure and Sport
- Democracy and Transparency
- Economy and Assets
- Finance
- Strategic Planning
- Sustainable Homes and Communities

Equalities impact Low Impact

Climate change Low Impact

Risk: Low Risk;

Links to background information Audit and Governance Committee Report 28th Jan 2021 - [S106CILAuditandGovernanceReport.pdf \(eastdevon.gov.uk\)](#); SWAP Audit Report - [S106CILFinalInternalAuditReport.pdf \(eastdevon.gov.uk\)](#)

Link to [Council Plan](#):

Priorities (check which apply)

- Outstanding Place and Environment
- Outstanding Homes and Communities
- Outstanding Economic Growth, Productivity, and Prosperity
- Outstanding Council and Council Services

Background

In December 2020 SWAP completed an audit into the S106 and CIL planning contributions system. The objective of the audit was to ensure that appropriate arrangements are in place to manage the receipt and expenditure of S106 and CIL contributions. The audit noted that a number of weaknesses were already known to the service at point of testing, such as the Exacom system not being up to date partly because the lead officer was redeployed to assist in the Community Hub during the first Covid-19 lockdown. Work was ongoing at the time of the audit to ensure that the system was brought up to date before the end of the 2020/21 financial year.

The audit gave a rating of “limited assurance” and a number of actions to address the findings were agreed. The key findings and proposed actions are summarised below with a progress report shown in *italics* beneath.

Findings, Actions and Progress

Finding 1: The audit identified a large number of outstanding actions on the Exacom system.

Action: It was agreed that we would review resources and look to appoint a temporary member of staff to assist with the backlog of actions by April 2021.

A review of resources was carried out and it was concluded that additional temporary staff were needed to help to get the system up to date and that this could be funded through money held in the S106/CIL admin and monitoring fees held by the Council. An additional member of staff started in February with a second starting in April. These additional staff have been helping to address the backlog of actions and at times covering for the established teams leave and absences.

Action: It was also agreed that the Planning Obligations Officer would provide a quarterly report on the status of the outstanding actions from Jan 2021.

Over half of the outstanding actions have now been resolved with the system updated and this being reflected in reports. The additional staff remain under contract until August and October respectively and we will continue to monitor progress and review these arrangements as necessary.

Finding 2: Not all demands are raised on a timely basis and the recovery processes are ineffective.

Action: It was agreed that we would start to utilise Exacom to track the recovery process including using further notices and date tracking by June 2021.

A new invoicing and recovery process has been produced which clearly documents the relevant stages and actions needed using the Exacom system. This process has been in place since June and work is ongoing to work through the outstanding invoices and overdue payments starting with the oldest. Recovery of historic (pre-2018) overdue payments is going well with over £100k (comprising 12 separate debts) recovered so far. A further £140k (pre-2018) debts remain outstanding and comprise of 29 separate debts. These are being escalated through the process. The post 2018 debts are within the outstanding actions identified in Finding 1 and are also being progressed.

Finding 3: Participatory Budgeting Guide is out of date and not easily located.

It was agreed that we would review and update the Participatory Budgeting Guide, to include recommending that Parish and Town Councils should take minutes of the steering/working groups and publish them on their website. This to be done by the end of Jan 2021.

The participatory budgeting guide has been updated and the recommended amendments incorporated into the new guide which was published in January. The guide is available at: [Participatory Budgeting - East Devon](#)

Finding 4: Parish and Town Councils are not advised on how much S106 has been collected.

It was agreed that we would ensure that the Public Facing Exacom is made available as soon as we have been given assurance that the Exacom is complete and accurate. This to be done by the end of March 2021.

The public facing module for Exacom has been the subject of some further delays. Although the data was up to date and it was ready to go live by the end of March unfortunately due to a lack of the required security documentation from the software provider to STRATA it was not possible to put the system live at that time. The system has however recently gone live and can be found at: [East Devon PFM - Home \(exacom.co.uk\)](#)

Conclusion

In conclusion significant progress has been made to address the actions identified in the audit. A follow up of the actions is also identified for quarter 2 in the internal audit plan 2021/22 which will hopefully provide independent confirmation of the progress that has been made.

Financial implications:

To be completed by Finance.

Legal implications:

To be completed by Legal.

East Devon District Council audit plan

Year ending 31 March 2021

East Devon District Council
July 2021
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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Key matters

Factors

Impact of Covid 19 pandemic

The Council has been supporting residents and businesses throughout the Covid-19 pandemic by delivering critical services. The Council administered significant values of Government grant schemes to businesses in 2020, and also distributed the Council Tax Hardship Funding received from Central Government. Accounting for this increased expenditure, and specifically the multitude of Government grants received in year, will require the Council to consider each funding stream separately and we have already engaged with the Council on this area.

The Council also refreshed their financial strategy and medium term financial planning in year and this needs to take into account the significant impact of Covid-19 on the national and local financial environment, as well as on service demands. Leisure providers in particular have felt the challenges created by Covid-19 restrictions and during the year the Council has considered the support that it is able to provide to its leisure provider.

We will review the Council's medium term financial planning, and the impact of Covid-19 on financial planning, as part of our value for money work.

Due to the pressures faced by organisations in the public sector as a result of the pandemic, we are aware that could be increased incentive and opportunity for organisations to manipulate their financial statements. We have not identified a significant risk of fraud in relation to revenue or expenditure at this stage, however we will review the Council's arrangements around the receipt of Covid-19 funding in forming our assessment of whether a significant fraud risks exists.

Our response

We will consider your arrangements for managing and reporting your financial resources as part of our work in completing our Value for Money work.

We will continue to provide you with sector updates via our Audit Committee updates.

We will review progress against the recommendations raised in our 2019/20 Audit Findings Report, and provide the Audit and Governance Committee with an update as part of our Audit Findings Report.

The Council's valuer reported a material uncertainty in regards to the valuation of properties in 2019/20 due to the Covid-19 pandemic, and we expect significant uncertainty will continue in 2020/21. We identified a significant risk in regards to the valuation of land and buildings – please refer to page 7.

As a firm, we are absolutely committed to audit quality and financial reporting in the local government sector. Our proposed work and fee, as set further in our Audit Plan, has been discussed with your Section 151 Officer.

Introduction and headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of East Devon District Council ('the Council') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of East Devon District Council. We draw your attention to both of these documents.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for :

- forming and expressing an opinion on the Council's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit and Governance Committee); and
- reporting our commentary on Value for Money arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the Audit and Governance Committee of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

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

Significant risks

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

- Management override of controls (assumed risk at all entities under ISA 240);
- Valuation of land and buildings; and
- Valuation of net pension fund liability.

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £1.8m (PY £1.84m) for the Council, which equates to approximately 1.9% of your prior year annual gross expenditure. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £0.090m (PY £0.092m).

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money have identified the following risk of significant weakness:

- Governance – response to findings from Health and Safety survey

Audit logistics

As the 2019/20 audit was finalised until April 2021, our audit progress is behind where we would normally be. We have undertaken planning procedures to allow us to issue this audit plan. The final areas of our interim procedures will be completed during our post statements visit. We expect our final visit will begin in September 2021. Due to the later start date as a result of the 2019/20 audit finalisation, the 2020/21 audit will not be finalised by 30 September 2021. Our key deliverables are this Audit Plan, our Audit Findings Report and Auditor's Annual Report. Our audit approach is detailed in Appendix A.

Our fee for the audit will be £60,632 (PY: £66,127) for the Council, subject to the Council delivering a good set of financial statements and working papers.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements..

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
The revenue cycle includes fraudulent transactions (rebutted)	Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are very limited; and • the culture and ethical frameworks of local authorities, including East Devon District Council, mean that all forms of fraud are seen as unacceptable. <p>Therefore we do not consider this to be a significant risk for East Devon District Council.</p>
Management over-ride of controls	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate the design effectiveness of management controls over journals; • analyse the journals listing and determine the criteria for selecting high risk, unusual journals; • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration; • gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness; and • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Significant risks identified (continued)

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of land and buildings, including Investment Properties and Council Dwellings	<p>The Council revalues its land and buildings on a rolling five-yearly basis at 31 December each year. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£89m at 31 March 2020) and the sensitivity of this estimate to changes in key assumptions.</p> <p>Additionally, management will need to ensure the carrying value in the Council's financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, where a rolling programme is used.</p> <p>The Council revalues its housing stock (£245m at 31 March 2021) at 31 March each year, using the Beacon Methodology as required by the Code. Investment Properties (£3m at 31 March 2021) are also valued at fair value annually at 31 March.</p> <p>We therefore identified valuation of land and buildings, including investment properties and Council Dwellings, as a significant risk.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimates, the instructions issued to valuation experts, and the scope of their work; • evaluate the competence, capabilities and objectivity of the valuation experts; • discuss with the valuers the basis on which the valuations were carried out; • challenge the information and assumptions used by the valuers to assess completeness and consistency with our understanding; • review the Council's valuation reports and the assumptions that underpin the valuations to ensure that they appear reasonable; • test revaluations made during the year to see if they had been input correctly into the Council's asset register; and • evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current (or fair) value at year end.
Valuation of the pension fund net liability	<p>The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£63m at 31 March 2020) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Council's pension fund net liability as a significant risk.</p>	<p>We will:</p> <ul style="list-style-type: none"> • update our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assess the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation; • assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability; • test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and • obtain assurances from the auditor of Devon Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

Accounting estimates and related disclosures

The Financial Reporting Council issued an updated ISA (UK) 540 (revised): *Auditing Accounting Estimates and Related Disclosures* which includes significant enhancements in respect of the audit risk assessment process for accounting estimates.

We identified one recommendation in our 2019/20 audit in relation to the Council's estimation process for valuation of Council Dwellings.

Introduction

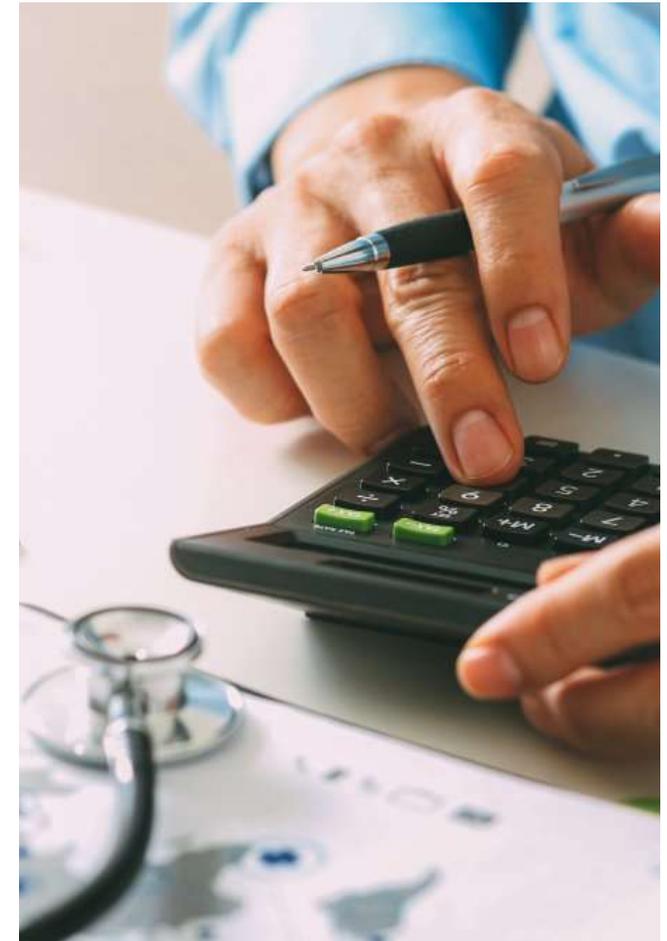
Under ISA (UK) 540 (Revised December 2018) auditors are required to understand and assess an entity's internal controls over accounting estimates, including:

- the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- how management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- how the entity's risk management process identifies and addresses risks relating to accounting estimates;
- the entity's information system as it relates to accounting estimates;
- the entity's control activities in relation to accounting estimates; and
- how management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit and Governance Committee members:

- understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- evaluate how management made the accounting estimates?



Accounting estimates and related disclosures

Additional information that will be required

To ensure our compliance with this revised auditing standard, we will be requesting further information from management and those charged with governance during our audit for the year ended 31 March 2021.

Based on our knowledge of the Council we have identified the following material accounting estimates for which this is likely to apply:

- valuations of land and buildings (including Council Dwellings) and investment properties;
- depreciation;
- year end provisions (specifically provisions for Non-Domestic Rate Appeals) and accruals;
- credit loss and impairment allowances;
- valuation of defined benefit net pension fund liability; and
- fair value estimates.

The Council's Information systems

In respect of the Council's information systems we are required to consider how management identifies the methods, assumptions and source data used for each material accounting estimate and the need for any changes to these. This includes how management selects, or designs, the methods, assumptions and data to be used and applies the methods used in the valuations.

When the models used include increased complexity or subjectivity, as is the case for many valuation models, auditors need to understand and assess the controls in place over the models and the data included therein. Where adequate controls are not in place we may need to report this as a significant control deficiency and this could affect the amount of detailed substantive testing required during the audit.

If management has changed the method for making an accounting estimate we will need to fully understand management's rationale for this change. Any unexpected changes are likely to raise the audit risk profile of this accounting estimate and may result in the need for additional audit procedures.

We are aware that the Council uses management experts in deriving some of its more complex estimates, e.g. asset valuations and pensions liabilities. However, it is important to note that the use of management experts does not diminish the responsibilities of management and those charged with governance to ensure that:

- all accounting estimates and related disclosures included in the financial statements have been prepared in accordance with the requirements of the financial reporting framework, and are materially accurate; and
- there are adequate controls in place at the Council (and where applicable its service provider or management expert) over the models, assumptions and source data used in the preparation of accounting estimates.



Estimation uncertainty

Under ISA (UK) 540 we are required to consider the following:

- how management understands the degree of estimation uncertainty related to each accounting estimate; and
- how management address this estimation uncertainty when selecting their point estimate.

For example, how management identified and considered alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the point estimate used.

The revised standard includes increased emphasis on the importance of the financial statement disclosures. Under ISA (UK) 540 (Revised December 2018), auditors are required to assess whether both the accounting estimates themselves and the related disclosures are reasonable.

Where there is a material uncertainty, that is where there is a significant risk of a material change to the estimated carrying value of an asset or liability within the next year, there needs to be additional disclosures. Note that not all material estimates will have a material uncertainty and it is also possible that an estimate that is not material could have a risk of material uncertainty.

Where there is material estimation uncertainty, we would expect the financial statement disclosures to detail:

- what the assumptions and uncertainties are;
- how sensitive the assets and liabilities are to those assumptions, and why;
- the expected resolution of the uncertainty and the range of reasonably possible outcomes for the next financial year; and
- an explanation of any changes made to past assumptions if the uncertainty is unresolved.

Planning enquiries

As part of our planning risk assessment procedures we sent enquiries to management that will be presented at Audit and Governance Committee.

Further information

Further details on the requirements of ISA (UK) 540 (Revised December 2018) can be found in the auditing standard on the Financial Reporting Council's website:

[https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-\(UK\)-540_Revised-December-2018_final.pdf](https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-(UK)-540_Revised-December-2018_final.pdf)

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- we read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Council;
- we carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA;
- we carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions;
- we consider our other duties under legislation and the Code, as and when required, including:
 - giving electors the opportunity to raise questions about your 2020/21 financial statements, consider and decide upon any objections received in relation to the 2020/21 financial statements;
 - issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 (the Act);
 - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act; and
 - issuing an advisory notice under section 29 of the Act.
- we certify completion of our audit.

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Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Going concern

As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on:

- whether a material uncertainty related to going concern exists; and
- the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements.

The Public Audit Forum has been designated by the Financial Reporting Council as a "SORP-making body" for the purposes of maintaining and updating Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (PN 10). It is intended that auditors of public sector bodies read PN 10 in conjunction with (ISAs) (UK).

PN 10 has recently been updated to take account of revisions to ISAs (UK), including ISA (UK) 570 on going concern. The revisions to PN 10 in respect of going concern are important and mark a significant departure from how this concept has been audited in the public sector in the past. In particular, PN 10 allows auditors to apply a 'continued provision of service approach' to auditing going concern, where appropriate. Applying such an approach should enable us to increase our focus on wider financial resilience (as part of our Value for Money work) and ensure that our work on going concern is proportionate for public sector bodies. We will review the Council's arrangements for securing financial sustainability as part of our Value for Money work and provide a commentary on this in our Auditor's Annual Report (see page 12).

Materiality

The concept of materiality

Materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality for planning purposes

We have determined financial statement materiality based on a proportion of the gross expenditure of the Council for the financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £1.8m (PY £1.84m) for the Council, which equates to approximately 1.9% of your gross expenditure for the prior year. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be £20k for senior officer remuneration due to the sensitivity of these disclosures.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Matters we will report to the Audit and Governance 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 and Governance Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) '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) 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 Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £90k (PY £92k).

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 and Governance Committee to assist it in fulfilling its governance responsibilities.

Prior year gross operating costs

£95m Council
(PY: £96m)



- Prior year gross operating costs
- Materiality

Materiality

£1.8m
Council financial
statements
materiality
(PY: £1.84m)



£0.090m
Misstatements
reported to the
Audit and
Governance
Committee
(PY: £0.092m)

Value for Money arrangements

Revised approach to Value for Money work for 2020/21

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The Code introduced a revised approach to the audit of Value for Money (VFM).

There are three main changes arising from the NAO's new approach:

- a new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness;
- more extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach; and
- the replacement of the binary (qualified / unqualified) approach to VFM conclusions, with far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under three specified reporting criteria. These are as set out in the boxes right:



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)



Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information



Risks of significant VFM weaknesses

As part of our planning work, we considered whether there were any risks of significant weakness in the body's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. The risks we have identified are detailed in the first table below, along with the further procedures we will perform. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out below.

Risks of significant weakness

Those risks requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the body to deliver value for money.



Governance – response to findings from Health and Safety survey

In March 2021 the Chief Executive presented the findings of the staff survey to the Scrutiny Committee, which included the impact on staff of a change of political culture and the working environment. There is a risk that appropriate standards in behaviour have an impact on the wider corporate governance framework.

We will:

- consider the response to the survey from officers and members;
- review the Code of Conduct; and
- consider any impact the findings have had on the wider control environment.

Potential types of recommendations

A range of different recommendations could be made following the completion of work on risks of significant weakness, as follows:



Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

Audit logistics and team



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Jackson Murray, Key Audit Partner

Jackson's role will be to lead our relationship with you. He will take overall responsibility for the delivery of a high quality audit, meeting the highest professional standards and adding value to the Council.



Beth Garner, Audit Manager

Beth's role will be to be a key contact with the Section 151 Officer and the Audit and Governance Committee. She will take responsibility for the team's completion of the audit work, and ensure effective communication with the Key Audit Partner.



Rhea Morang, Audit Incharge

Rhea's role is to co-ordinate the on-site delivery of audit tasks through her own work and that of junior team members. She liaises with the finance team throughout audit visits and will keep them up to date on progress and any issues arising throughout the year.

Audited body responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audits. Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit, you need to ensure that you:

- produce draft financial statements of good quality by the agreed timetable you have agreed with us, including all notes, the Narrative Report and the Annual Governance Statement;
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you;
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples for testing;
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit; and
- respond promptly and adequately to audit queries.

Audit fees

In 2017, PSAA awarded a contract of audit for East Devon District Council to begin with effect from 2018/19. The fee agreed in the contract was £39,132. Since that time, there have been a number of developments, particularly in relation to the revised Code and ISA's which are relevant for the 2020/21 audit.

As referred to on page 12, the 2020/21 Code introduces a revised approach to our VFM work. This requires auditors to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach. Auditors now have to make far more sophisticated judgements on performance, as well as issue key recommendations if any significant weaknesses in arrangements are identified during the audit. We will be working with the NAO and other audit firms to discuss and share learning in respect of common issues arising across the sector.

The new approach will be more challenging for audited bodies, involving discussions at a wider and more strategic level. Both the reporting, and the planning and risk assessment which underpins it, will require more audit time, delivered through a richer skill mix than in previous years. Our estimate is that for your audit, this will result in an increased fee of £9,000 (23%). This is in line with increases we are proposing at all our local audits.

Additionally, across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing, as noted in the number of revised ISA's issued by the FRC that are applicable to audits of financial statements commencing on or after 15 December 2019, as detailed in Appendix 1.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and public sector financial reporting. Our proposed work and fee for 2020/21, as set out below, is detailed overleaf and has been discussed with the Section 151 Officer.

	Actual Fee 2018/19	Actual Fee 2019/20	Proposed fee 2020/21
East Devon District Council Audit (excluding VAT)	£43,632	£66,127	£60,632

Assumptions

In setting the above fees, we have assumed that the Council will:

- prepare a good quality set of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit;
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements; and
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

Audit fees – detailed analysis

Scale fee published by PSAA	£39,132
<i>Ongoing increases to scale fee first identified in 2019/20</i>	
Raising the bar/regulatory factors	£2,500
Enhanced audit procedures for Property, Plant and Equipment	£1,750
Enhanced audit procedures for Pensions	£1,750
Sub-total	£45,132
<i>New issues for 2020/21</i>	
Additional work on Value for Money (VfM) under new NAO Code	£9,000
Increased audit requirements of revised ISAs (inc ISA 540 and ISA 240/700)	£6,500
Total audit fees (excluding VAT)	£60,632

Independence and non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons, relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard (Revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council.

Other services

Details of other services provided by Grant Thornton UK LLP identified are included in the table below.

Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

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Service	Fees £	Threats	Safeguards
Audit related			
Agreed upon procedures on the Housing Capital receipts return	12,400*	Self-Interest (because these are recurring fees) Self review (because the financial information in the returns are included within the Council's financial statements)	The level of recurring fees taken on their own and in totality are not considered a significant threat to independence as the when compared to the total fee for the audit and in particular are not significant relative to Grant Thornton UK LLP's turnover overall. Further, they are fixed fees and there are no contingent elements. We do not prepare the returns which we are auditing and do not expect material misstatements to the financial statements to arise from this work.
Agreed upon procedures in respect of the Council's pooling of housing capital receipts return	5,000	Management (because we may make recommendations to management)	The factual accuracy of our report, including any representations from management, are agreed with informed management. These factors all mitigate the perceived threats to an acceptable level.
Non-audit related			
Place Analytics subscription	6,000	Self-Interest (because these are recurring fees)	The level of recurring fees taken on their own and in totality are not considered a significant threat to independence as the when compared to the total fee for the audit and in particular are not significant relative to Grant Thornton UK LLP's turnover overall. Further, they are fixed fees and there are no contingent elements. These factors all mitigate the perceived self-interest threat to an acceptable level.

Appendix 1: Revised Auditor Standards and application guidance

FRC revisions to Auditor Standards and associated application guidance

The following Auditing Standards and associated application guidance that were applicable to 19/20 audits, have been revised or updated by the FRC, with additional requirements for auditors for implementation in 2020/21 audits and beyond.

	Date of revision	Application to 2020/21 Audits
ISQC (UK) 1 – Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Service Engagements	November 2019	
ISA (UK) 200 – Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing (UK)	January 2020	
ISA (UK) 220 – Quality Control for an Audit of Financial Statements	November 2019	
ISA (UK) 230 – Audit Documentation	January 2020	
ISA (UK) 240 – The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements	January 2020	
ISA (UK) 250 Section A – Consideration of Laws and Regulations in an Audit of Financial Statements	November 2019	
ISA (UK) 250 Section B – The Auditor’s Statutory Right and Duty to Report to Regulators of Public Interest Entities and Regulators of Other Entities in the Financial Sector	November 2019	

Appendix 1: Revised Auditor Standards and application guidance continued

	Date of revision	Application to 2020/21 Audits
ISA (UK) 260 – Communication With Those Charged With Governance	January 2020	
ISA (UK) 315 – Identifying and Assessing the Risks of Material Misstatement Through Understanding of the Entity and Its Environment	July 2020	
ISA (UK) 500 – Audit Evidence	January 2020	
ISA (UK) 540 – Auditing Accounting Estimates and Related Disclosures	December 2018	
ISA (UK) 570 – Going Concern	September 2019	
ISA (UK) 580 – Written Representations	January 2020	
ISA (UK) 600 – Special considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)	November 2019	
ISA (UK) 620 – Using the Work of an Auditor’s Expert	November 2019	
ISA (UK) 700 – Forming an Opinion and Reporting on Financial Statements	January 2020	

Appendix 1: Revised Auditor Standards and application guidance continued

	Date of revision	Application to 2020/21 Audits
ISA (UK) 701 – Communicating Key Audit Matters in the Independent Auditor’s Report	January 2020	
ISA (UK) 720 – The Auditor’s Responsibilities Relating to Other Information	November 2019	
Practice Note 10: Audit of Financial Statements of Public Sector Bodies in the United Kingdom	December 2020	



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Report to: Audit and Governance Committee



Date of Meeting 23 September 2021

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

Grant Fraud Assurance Report

Report summary:

This report is to provide an update for Members of the Audit & Governance Committee of the measures taken to protect against fraud & error for the administration of Covid grants. Reporting to members was an action from the assurance report submitted to BEIS.

Local Authorities were given the responsibility of administering the Covid grants to businesses to help financially support them through the various lockdowns. As part of this requirement there was a duty to ensure the safe administration of grants and that we put in place appropriate measures to mitigate against the increased risks of fraud and payment error. As part of this requirement we have needed to put in place risk plans that cover both pre and post payment assurance checks. The following report summarises the steps that we have taken and the processes conducted to minimise the risk of fraud and error within the grant schemes.

The report breaks the grants into 3 sections:

Section 1 – the first lockdown starting in March 2020

Section 2 – the second & third period of national restrictions commencing November 2020 through to March 2021

Section 3 – Re-opening of businesses from April 2021 (Restart grants)

Is the proposed decision in accordance with:

Budget Yes No

Policy Framework Yes No

Recommendation:

Members are content with the information provided in the report and agree no recommendations are required.

Reason for recommendation:

Due to the low level of recoveries from the grant schemes and the green/amber rating of the risk assessments we do not consider there are further actions required.

Officer: Libby Jarrett, Service Lead Revenues, Benefits, Customer Services, Fraud & Compliance

Portfolio(s) (check which apply):

Climate Action and Emergencies

- Coast, Country and Environment
- Council and Corporate Co-ordination
- Culture, Tourism, Leisure and Sport
- Democracy and Transparency
- Economy and Assets
- Finance
- Strategic Planning
- Sustainable Homes and Communities

Equalities impact Low Impact

Climate change Low Impact

Risk: Low Risk;

Links to background information

[First Risk Assessment](#)

[Second SWAP Risk Assessment](#)

[SWAP COVID-19 Fraud Risk Assessment](#)

Link to [Council Plan](#):

Priorities (check which apply)

- Outstanding Place and Environment
- Outstanding Homes and Communities
- Outstanding Economic Growth, Productivity, and Prosperity
- Outstanding Council and Council Services

1.0 Purpose

- 1.1 All local authorities are required to follow the guidance set out by BEIS (Department for Business Energy & Industrial Strategy) for the various grant schemes and conduct activity to provide assurance that the grants have been paid out in line with the eligibility and state aid conditions (subsidies) for these schemes.
- 1.2 The general principle applies that Local Authorities are responsible and accountable for the lawful use of funds under section 151 of the Local Government Act 1972. The Section 151 Officer within the Local Authority is required to exercise their duties, ensuring proper oversight and administration of all the grants in response to the Covid-19 pandemic.
- 1.3 The various guidance states that to deliver this assurance Local Authorities should develop pre and post-payment assurance/risk plans for each grant scheme. There should be an eligibility check and a recipient check on all payments, whether pre- or post-payment. These plans should set out the actions and checks Local Authorities will undertake to ascertain the probity of payments.

2.0 Background

- 2.1 EDDC has completed a number of grant schemes over the last 18 months in response to the Covid-19 pandemic. To date the schemes that have been implemented are as follows:
 - 1. Small Business Rate Relief Grant Fund
 - 2. Retail, Hospitality and Leisure Grant Fund – March 20
 - 3. Discretionary Grant Fund – June 20
 - 4. Local Restriction Support Grant 05.11.20 – 01.12.20
 - 5. Local Restriction Support Grant Open 2.12.20 – 30.12.20

6. Local Restriction Support Grant Closed 31.12.20 – 04.01.21
7. Christmas Support Payment for Wet Led Pubs – One off payment
8. Additional Restriction Grant – November 20 to March 22
9. Local Restriction Support Grant 05.01.21 – 15.02.21
10. Closed Business Lockdown Payment – One off payment Jan–March 21
11. Local Restriction Support Grant 16.02.21 – 31.03.21
12. Restart Grants – April 2021

2.2 In all nearly 15,000 payments have been made to individual businesses with over £83m of grants distributed. This work has been led by Revenues & Benefits and the Economic Development team and has been supported from other teams (Accountancy, Communications, Strata etc.).

2.3 The table below provides a breakdown of the grant schemes:

	Grant name /period	Applications received	Approved	Total paid	
1	Small Business Rate Relief Grant	2,925	2,759	27,590,000	Scheme 1
2	Retail Hospitality & Leisure Grant	963	926	15,365,000	Scheme 2a&b
3	Discretionary	329	299	2,310,000	
4	National restrictions –5 November to 1 December LRSO (C) Addendum	1,881	1,693	2,541,580	LRSO 1
5	Tier 2/Tier 3 2 Dec to 4 Jan LRSO (O)	975	771	921,969	LRSO 2
	Special cases	20	20	715,000	
6	LRSO (C)		465	156,890	
7	Christmas support payment –Wet Led pubs	67	62	62,000	
8	Additional Restrictions Grant (ARG)	1,003	1,003	4,265,181	
9	National restrictions LRSO (C) Addendum 5 January - 15 February	1,796	1,713	3,843,393	LRSO 3
10	CBLP 5 January - 31 March	1,796	1,713	8,306,000	
11	National restrictions LRSO (C) Addendum 16 February - 31 March	1,706	1,672	4,248,572	LRSO 3.1
12	Restart Grants 01 April	1866	1743	13,057,445	
	Total	15,327	14,839	83,383,030	

2.4 From the 01 August 2021 all grant schemes closed apart from the final part of the Additional Restriction Grant which is ongoing until 31 March 2022 with the Innovation Resilience Fund (IRF).

2.5 Now that the majority of the grant schemes have concluded the attention turns to the reconciliation and post assurance tasks of the grant schemes. Some of these have been concluded, some are in progress and others have yet to be started. This has been dependant on instructions and guidance being received from BEIS.

3. Small Business Rate Grant and Retail Hospitality & leisure Grant -Schemes 1, 2a & b (Grants 1-3 in the table see para 2.3)

3.1 Pre-Payment Checks

- 3.1.1 The first step that EDDC took when the grant scheme was announced by Government late March 2020 was to conduct data analysis on the Business Rates database to identify potential qualifying claimants. This analysis was supported by experienced officers with over 30 years' experience between them of dealing with businesses in the East Devon area. This was also overseen by the Revenues & Benefits Service Lead who also has a significant amount of experience of the rating system.
- 3.1.2 The decision was taken early that we would use an online application based system that needed both a business rates number and pin number to be entered before it allowed a claim to be entered. If this was not entered or was entered incorrectly no claim was allowed. A letter was sent to all known eligible businesses with the PIN code explaining how to claim but this did not include their business rates number (second identifier). The reasons for this was to ensure that we were managing the gateway and only allowing genuine businesses to make an application. This also allowed us to pay grants out quickly to the majority of straightforward cases as we were not having to sift through lots of erroneous claims. Those who didn't have a rates account due to various reasons (business recently changed hands, not rated, etc.) we were able to deal with separately.
- 3.1.3 Strata was requested to assist in the design and implementation of the web based application form using our Customer Relations Management software (Firmstep) that then fed into our payment system. As part of the application process a recent bank statement was requested to be uploaded to check the business was still trading and confirm it was a valid business. Once the officer had approved the claim this would then be passed for payment. A further check was then made on the bank account details. For the first grant schemes neither Spotlight* nor CIFAS** was used for pre-payment assurance.

* Spotlight – Government's online due diligence tool that uses data from government sources to check for financial viability, company history and potential fraud risks. The tool provides a traffic light risk assessment by giving a red, amber or green rating.

** CIFAS – Not for profit fraud prevention organisation that has the UK's largest database of instances of actual and attempted fraud against member organisations (includes public and private sector data). Online tool that allows us to check our grant claims against this database and uses the same traffic light risk assessment. More information available here: www.cifas.org.uk

- 3.1.4 The checks conducted pre-payment were:
1. Business rates number
 2. Pin Code
 3. Uploaded bank statement (needed to be in the business name & was the same account the grant was being paid into and also showing recent transactions)
 4. Check business details against business rates system (name, address, meets scheme requirements)
 5. Check applicant details against business rates system
 6. Online open source check (website, companies house, etc)
 7. Insolvency check on register

3.2 Post Payment Checks

- 3.2.1 The subsequent guidance published by BEIS recommended the use of Spotlight to check the grants either in Pre or Post assurance. Due to the speed in getting the application set up and paying businesses it was not possible to put applications through spotlight as a pre-payment process as this would have added a time delay to the payment being made. It is important to appreciate the pressurised and challenging environment we were working in at that time, as the government announced the grant scheme to the public on 15 March, we

received the initial guidance on 23 March and then almost daily iterations of updated guidance at the same time as trying to develop a system for paying out grants which went live 1 April. Using spotlight was not part of the initial guidance and was included in one of the subsequent updates. As part of our post-assurance work all appropriate cases that had received a payment were subsequently checked with Spotlight. We were also offered the use of CIFAS through our audit partners SWAP and so utilised this service as an additional security check.

- 3.2.2 The two systems differed in that Spotlight could only check limited companies while CIFAS could check both limited and non-limited businesses.
- 3.2.3 All cases that received a grant payment were run through CIFAS. All limited companies that received a payment were run through spotlight to give us the cases that needed further investigation.
- 3.2.4 A sample of 10% (circa 300) was taken from the full list and used by our Fraud & Compliance Officer to manually check for fraud or errors using open source information. This found a 1% initial mismatch. These were the same files highlighted by CIFAS and Spotlight. As such it was felt no further manual checks were needed and to continue with the Spotlight and CIFAS data.
- 3.2.5 There was a total of 399 mismatches that were identified by CIFAS and Spotlight. After initial officer assessment we were able to reduce this down to 169. The majority were removed because they used the trading address and not the registered address so it flagged with Companies House or there was an inputting error i.e. companies house number, postcode etc.
- 3.2.6 Of the remaining 169 cases requiring further investigation 135 were identified from the Spotlight report and 34 were highlighted from the CIFAS report. (see below)

Datamatching Service	No of files (submitted)	% of mismatches requiring investigation	Cases identified for further investigation
Spotlight	1409	10.44%	135
Cifas	3336	1.02%	34

- 3.2.7 These were subjected to a more detailed investigation by our Corporate Fraud & Compliance Officer. These investigations involved visiting and using various business rates data and open source data. The investigations were completed at the start of 2021. On conclusion there were no new cases that needed monies recovered. Files that the investigation highlighted for recovery had already been actioned due to other factors i.e. landlord trying to claim when tenant already had received a grant etc. The other area the investigation highlighted was the need to review our SBRR (Small Business Rate Relief) cases (see para. 7).
- 3.2.8 The Discretionary Grant was not included as part of this review process. While an application process was used for the discretionary grant scheme and a spotlight check conducted all the matters were reviewed as part of the committee approval which constituted both officers and elected members. Due to this level of scrutiny prior to payment it was deemed not necessary to conduct further post assurance payment tests.

3.3 Risk Assessment

- 3.3.1 A [Risk assessment](#) has been completed on all 3 of these grant schemes. The risk assessment was reviewed by SWAP before being approved by both the Service Lead and S151 officer and was submitted to BEIS as part of the grant requirements.

3.4 Reclaimed Grants

- 3.4.1 So far, 13 Grants totalling £145,000 have been identified as being paid in “error” and no fraudulent cases. Each of these businesses have been written to advising that they need to return the grant money. 9 of these grants have been repaid and four remain outstanding.
- 3.4.2 The four that have not yet repaid have now been passed to BEIS to review. The standard debt recovery process, as issued in BEIS guidance, for the grants was followed. This consisted of 3 letters, increasing in severity, to each of the businesses. Phone calls and emails were also sent where appropriate. BEIS is now considering the next steps.

3.5 Other Information

- 3.5.1 In addition to the above checks both weekly and monthly reports had to be sent to BEIS to confirm what payments had been made as part of the BEIS reconciliation.
- 3.5.2 Information on all the grants for these 3 schemes has also been forwarded to the National Fraud Initiative (NFI) and HMRC (Her Majesty’s Revenue & Customs) for tax reasons.

4. Local Restriction Support Grants (4-7 & 9-11 – see para 2.3)

4.1 Pre-Payment Checks

- 4.1.1 As part of the grant guidance a section was included within all the guidance from BEIS in regard to pre or post assurance plans and checks.
- 4.1.2 Again, as per the first grant scheme, data analysis was conducted on the Business rates system to ascertain the likely businesses that could claim the grants. This analysis highlighted approximately 2600 businesses held on the system
- 4.1.3 EDDC used our experience in both the previous grants and the first Firmstep application form to enhance the process. A spotlight check of all grants for Limited Companies was incorporated and conducted on a daily basis prior to payment via a report for these schemes. While we were not the first to go live with our scheme once it was live there was very few issues or problems in regard to access, downtime etc.
- 4.1.4 SWAP was employed to run these checks and then report back on any issues. Officers were then informed and conducted a review before either accepting or rejecting the claim and payment being made. Payment was only made after checking the bank statement supplied and that matched to the details on the application. We also checked that there was valid transactions going through the account before payment.
- 4.1.5 Spotlight was not able to be utilised for non-limited companies. As such it was decided a more rigorous application process and additional information was required. However, due to the nature of the grants it was not possible to utilise a pin/access number for every grant scheme. This was highlighted with the ‘Open Scheme’ (grant 5) as we could not use the business rate number or an access code to manage the gateway as it was open to non-business rated applicants.
- 4.1.6 Due to this, in addition to the bank statement to confirm bank details for payment a copy of a recent utility bill, lease agreement or insurance certificate for the property was required. Furthermore, additional business questions and declarations were required.
- 4.1.7 With our knowledge of Firmstep we were also able to incorporate an online review stage so the application was reviewed with officers having to complete a series of questions about the grant and confirm data before they could approve, reject or hold for further information.
- 4.1.8 Additionally as the grant schemes were added to, as the lockdown progressed, and new schemes were brought on line a reduced application process was set up. Applicants of the previous scheme were asked to declare nothing had changed and given a new access code to use alongside their business rate number and declarations but didn’t ask them to re-enter all the other business information. They also had to confirm bank account and sort code making a four way verification process.

4.1.9 The checks conducted pre-payment were:

1. Business rates number (where applicable)
2. Pin Code (where applicable)
3. Uploaded bank statement (needed to be in the business name & was the same account the grant was being paid into and also showing recent transactions)
4. Utility Bill, Insurance certificate or lease/tenancy agreement
5. Unique identifier – Companies House No., VAT No., Tax Reference etc
6. Check business details against business rates system (name, address, meets scheme requirements)
7. Check applicant details against business rates system
8. Online open source check (website, companies house, etc)
9. Insolvency check on register

4.2 Post Payment Checks

4.2.1 As SWAP was employed to conduct the Spotlight checks their services were also utilised to conduct the post payment checks. These are being completed and the same sample size as the previous post payment check was used (10%).

4.2.1 This has resulted in 12 cases being highlighted for further checking so far. We are currently conducting those further checks; one has already been accepted and 2 have been highlighted for a visit. The remaining 9 are having online checks conducted.

4.3 Risk Assessment

4.3.1 To free up officer time in order to process the grants for the various schemes over a shorter period of time the decision was taken to utilise SWAP's services to complete the [risk assessment](#) for the different LRSG grants.

4.3.2 SWAP used the template that was supplied by BEIS to complete the risk assessment and the overall assessment was green/amber.

4.3.3 Overall the process was deemed as robust due to the application process and the information requested along with officer checks.

4.4 Reclaimed Grants

4.4.1 SWAP are currently conducting post payment assurance checks on the grants paid out under the various LRSG schemes. Currently we have only had to reclaim 4 of the grants that have been paid out and all of these have since repaid.

4.5 Other Information

4.5.1 In addition to the above checks both weekly and monthly reports had to be sent to BEIS to confirm what payments had been made as part of the BEIS reconciliation.

4.5.2 Furthermore, enhancements were added to the application including a Fraud checker. This checked the bank details against Fraudulent ones supplied by the NFI and flagged to officers if any of them were used. None were flagged.

5. Restart and ARG (Grants 8 & 12 see table at para 2.3)

5.1 Pre-Payment Checks

5.1.1 As per previous grants BEIS gave guidance on both Pre and Post payment checks that needed to be completed. It was recommended that an application/claim form was used as BEIS wanted specific information. This was in addition to the information we had collected on previous schemes.

5.1.2 Our experience from previous grant application processes helped in getting the application/claim form up and running within a short period of time. Spotlight checks were

set to be requested on limited companies (as per the recommendation in the guidance). This was actioned on a daily basis with SWAP conducting the check and reporting back with any exceptions.

5.1.3 The review stage within Firmstep was again used for ease for the officer and a clear audit trail of the checks and who conducted them.

5.1.4 The same checks were then conducted on the claim as per previous schemes:

1. Business rates number
2. Pin Code
3. Uploaded bank statement (needed to be in the business name & was the same account the grant was being paid into and also showing recent transactions)
4. Check business details against business rates system (name, address, meets scheme requirements)
5. Check applicant details against business rates system
6. Online open source check (website, companies house, etc.)
7. Insolvency check on register
8. Check grant awarded amount against RV

5.2 Post Payment Checks

5.2.1 The grant scheme for the Restart Grants only closed on the 31.06.21 and final payments had to be made by the 31.07.21. The ARG was different in that the scheme was allowed to continue until the funds had been used. The guidance gave certain dates to use the funds which then allowed further funding to be sought. If the funds were not used then no further funding was allowed. The ARG scheme for EDDC closed in June 2021 with all funds used.

5.2.2 We are yet to start work on the post assurance checking for these grants but would look to complete over the next few months.

5.3 Risk Assessment

5.3.1 A Risk assessment of the Restart and ARG grants has not been conducted yet. We are awaiting a draft template from BEIS before conducting the risk assessment.

5.4 Reclaimed Grants

5.4.1 Although the post payment checks and risk assessment have not been officially started we have already recovered some grants while conducting other checks and work. So far we have identified and fully recovered 3 grant amounts that were claimed in error.

5.5 Other Information

5.5.1 In addition to the above checks both weekly and monthly reports had to be sent to BEIS to confirm what payments had been made as part of the BEIS reconciliation.

6. Summary

6.1 Due to the comprehensive application/claim form that was employed along with the data analysis before each scheme went live the number of errors has been minimal. In total EDDC has only had to reclaim 20 grants to date.

6.2 There are still a number of matters that need to be completed:

- Post payment checks LRSG (part completed)
- Risk assessment for Restart and ARG
- Post payment checks Restart and ARG
- BEIS pre & post payment assurance confirmation

- 6.3 We have also had to supply all grant information for the first 2 schemes to HMRC for when they check tax returns. The NFI requested data on the first grant schemes and may request information on newer grants. This may lead to us needing to undertake further work depending upon the outcome of these checks by HMRC/BEIS.
- 6.4 In order to complete these tasks we are having to direct resources from the Business Rates team along with help from SWAP which is naturally creating additional work pressures that are having to be considered.
- 6.5 SWAP have recently undertaken an audit on the [Fraud Risk –Impact from Covid-19](#). As part of this they reviewed the fraud prevention controls when processing grant claims. They have provided a ‘substantial’ assessment which provides the highest rating in terms of minimising the risk of fraud in relation to grants.
- 6.6 In summary, it is important to remember the context in which we were delivering these grants as we were having to work under incredibly pressurised and time limited conditions in which these grant schemes had to be launched. BEIS were developing and refining the criteria and eligibility after the schemes had been announced which created significant challenges for the team in order to strike the right balance of getting these schemes launched quickly in order to safeguard businesses but at the same time protect the public purse against fraud and error. The low level of errors identified to date and the substantial assessment provided by SWAP in their audit should provide assurance to this Committee of the approach adopted by this Council in the way the scheme was designed and implemented. The success of the grant programme is due to the experience, skills, commitment and dedication of the team we had working on it.

7.0 Further considerations

- 7.1 As part of our grant post assurance work we had recognised that we would need to conduct a review of all our SBRR cases as there is a risk that there may be cases where this is being claimed in error. This has been further supported by a case we are currently reviewing following a recent grant claim where it appears that there are discrepancies between the information provided on the grant claim compared to our rating records. Although the business may still be entitled to the grant it could mean that they weren’t entitled to claim SBRR.
- 7.2 This review is scheduled to commence in quarter 4 of 2021/22 and we plan to use an external company where they use various data sources to identify an initial list of mismatches/potential errors. These will then be subject to further investigation. This is something that we have been in discussion with our Devon counterparts as we are all in a similar position. Plymouth and Mid Devon have already started their review and we will be keen to understand any lessons learnt that can help inform our approach. The outcome of that review will help to determine any additional controls or ongoing regular reviews that we might need to implement. The findings of the SBRR review is something that we plan to share with this committee which the Chair has raised as an area of concern regarding the risk of fraud and error in this area and if improvements are needed to existing controls.
- 7.3 For information, as at 01 September 2021 EDDC has 3765 businesses receiving SBRR with a value of £8,723,629.28
- 7.4 It should be noted that as we are in the main reimbursed by government for SBRR (as part of the calculation for business rates retention) this means the review will not necessarily generate income for the council but what it does do is protect the public purse by ensuring that we are only granting rate relief to those genuinely entitled.
- 7.5 Whilst our priorities for the past 18 months have been on our response to Covid we recognise that our Fraud and Compliance Strategy needs updating which we are shortly going to be focussing on so we can consider our approach going forward which will need to take account of the fraud risk review currently being undertaken by SWAP and to also

reflect the latest emerging trends in councils exposure to fraud and error. The aim is to bring this to the A&G committee meeting on 20 January 2022.

Financial implications:

There are no direct financial implications from the recommendations of the report.

Legal implications:

The legal position is detailed in the report and no further comment is required.

Report to: Audit and Governance Committee



Date of Meeting 23 September 2021

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

Informing the Audit Risk Assessment 2020/21

Report summary:

This report informs the Audit and Governance Committee of the areas of the auditor risk assessment that the Council's external auditors are required to make under auditing standards.

Is the proposed decision in accordance with:

Budget Yes No

Policy Framework Yes No

Recommendation:

Members are content with the management responses to the questions raised in the Audit Risk Assessment and are consistent with the Committees understanding.

Reason for recommendation:

This Assessment enables the external auditor to obtain information relevant to the 2020/21 audit.

Officer: Simon Davey, Strategic Lead Finance sdavey@eastdevon.gov.uk

Portfolio(s) (check which apply):

- Climate Action and Emergencies
- Coast, Country and Environment
- Council and Corporate Co-ordination
- Culture, Tourism, Leisure and Sport
- Democracy and Transparency
- Economy and Assets
- Finance
- Strategic Planning
- Sustainable Homes and Communities

Equalities impact Low Impact

Climate change Low Impact

Risk: Low Risk;

Links to background information

Link to [Council Plan](#):

Priorities (check which apply)

- Outstanding Place and Environment
- Outstanding Homes and Communities
- Outstanding Economic Growth, Productivity, and Prosperity
- Outstanding Council and Council Services

This report provides the Committee with details of the 2020/21 risk assessment undertaken by the external auditor, the areas of focus and the responses to the questions posed to management.

The assessment is part of the continual dialogue between the external auditor and the committee with the aim being to assist the auditors and the committee in understanding matters relating to the annual audit. The continual communication also enables the auditor to obtain information relevant to the audit from the committee and supports the committee in fulfilling its responsibilities in relation to the financial reporting process.

Financial implications:

There are no direct financial implications arising from this report.

Legal implications:

The legal position is detailed in the covering report and accompanying document.

Informing the audit risk assessment for East Devon District Council

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2020/21

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

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Purpose

The purpose of this report is to contribute towards the effective two-way communication between the Council's external auditors and the Council's Audit Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the Audit Committee under auditing standards.

Background

Under International Standards on Auditing (UK), (ISA(UK)) auditors have specific responsibilities to communicate with the Audit Committee. ISA(UK) emphasise the importance of two-way communication between the auditor and the Audit Committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Audit Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Audit Committee and supports the Audit Committee in fulfilling its responsibilities in relation to the financial reporting process.

Communication

As part of our risk assessment procedures we are required to obtain an understanding of management processes and the Council's oversight of the following areas:

- General Enquiries of Management
- Fraud,
- Laws and Regulations,
- Related Parties, and
- Accounting Estimates.

Purpose

This report includes a series of questions on each of these areas and the response we have received from the Council's management. The Audit Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

General Enquiries of Management

Question	Management response
<p>1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2020/21?</p>	<p>Valuation of the Council's assets and pension liability are areas that are continually subject to volatility and this is particular true with the circumstances of Covid-19.</p> <p>The 2020/21 Accounts will record £m's of additional grant income and payments. This will be in the form of business support schemes run by the council on behalf of the government and direct help to the authority itself in Covid grant support to help with additional expenditure and to support lost income from fees and charges.</p>
<p>2. Have you considered the appropriateness of the accounting policies adopted by the Council? Have there been any events or transactions that may cause you to change or adopt new accounting policies?</p>	<p>Accounting policies are reviewed prior to Accounts preparation. They are presented to the Audit and Governance Committee for member approval.</p> <p>We are not aware of any events or transactions, other than the additional notes relating to Covid, that may cause a change or adoption of new accounting policies.</p>
<p>3. Is there any use of financial instruments, including derivatives?</p>	<p>The use of financial instruments (which includes cash balances and investing) is strictly defined and adhered to through the Treasury Management Strategy. Outcomes are reported through to Cabinet.</p> <p>Financial derivatives do not make up any part of the investment portfolio or strategy</p>
<p>4. Are you aware of any significant transaction outside the normal course of business?</p>	<p>None, with the exception of Covid grants although still within the course of business of a local authority.</p>

General Enquiries of Management

Question	Management response
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets?	None
6. Are you aware of any guarantee contracts?	None
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements?	None
8. Other than in house solicitors, can you provide details of those solicitors utilised by the Council during the year. Please indicate where they are working on open litigation or contingencies from prior years?	Trowers & Hamlins - live despair claim and Veale Wasbroughs LLP in relation to business rates litigation – now resolved.

to be added

General Enquiries of Management

Question	Management response
9. Have any of the Council's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements?	No
10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	Advisors not used on issues which would have significant impact on the Council's financial position. Treasury Management, VAT, Planning advisors etc. used as part of normal business.

Fraud

Issue

Matters in relation to fraud

ISA (UK) 240 covers auditors responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both the Audit Committee and management. Management, with the oversight of the Audit Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Audit Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As the Council's external auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

As part of our audit risk assessment procedures we are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud,
- process for identifying and responding to risks of fraud, including any identified specific risks,
- communication with the Audit Committee regarding its processes for identifying and responding to risks of fraud, and
- communication to employees regarding business practices and ethical behaviour.

We need to understand how the Audit Committee oversees the above processes. We are also required to make inquiries of both management and the Audit Committee as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions below together with responses from the Council's management.

Fraud risk assessment

Question	Management response
<p>1. Have the Council assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do the Council's risk management processes link to financial reporting?</p>	<p>The risk of fraud being committed against the Council is assessed on an annual basis as part of the Council planning it's audit and fraud assurance work. Arrangements are in place to both prevent and detect fraud.</p> <p>Internal review processes and key reconciliations are built into the Accounts Closedown plan.</p> <p>The risk of material misstatement of the accounts due to undetected fraud is considered to be low.</p>
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>Council tax (discounts), benefits and contracts / procurement are areas of inherent risk. A new area to highlight is that of Covid business grants. They are mitigated through the control environment and through a programme of independent internal audit and assurance work. However the risk of fraud within the financial statements is considered to be low.</p>

Fraud risk assessment

Question	Management response
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within the Council as a whole or within specific departments since 1 April 2020?</p> <p>As a management team, how do you communicate risk issues (including fraud) to those charged with governance?</p>	<p>All concerns regarding fraud should be reported to the s151 and issues raised to the Fraud Forum. No concerns have been raised since 1 April 2020.</p> <p>The Covid business grant schemes included a specific checks to guard against fraud – details of any findings will be reported to the A&G Committee in September 2021.</p> <p>The Council's risk register and internal audit reports and work programme are reported quarterly to the Audit & Governance Committee.</p>
<p>4. Have you identified any specific fraud risks?</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within the Council where fraud is more likely to occur?</p>	<p>Internal Audit include all risks within their planning process and will highlight and allocate resources to areas considered at greater risk.</p> <p>Particular consideration is given to financial systems, traditionally cash has been an area of high risk but there are not many process now where individuals deal with cash. Business grants were an area of focus in 2020/21.</p>
<p>5. What processes do the Council have in place to identify and respond to risks of fraud?</p>	<p>As above – In addition the Council does have a Corporate Fraud resources who review areas inline with an agreed strategy which focussed on high risk areas including council tax and tenancy fraud.</p>

Fraud risk assessment

Question	Management response
<p>6. How do you assess the overall control environment for the Council, including:</p> <ul style="list-style-type: none">• the existence of internal controls, including segregation of duties; and• the process for reviewing the effectiveness the system of internal control? <p>If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)?</p>	<p>The overall control environment is strong. The Head of Internal Audit opinion in 2020/21 did not highlight any significant weaknesses.</p> <p>All policies and procedures for staff to comply with are documented and regularly tested by Internal Audit for both appropriateness and compliance and staff have to confirm on a regular basis that they have read and understand them.</p> <p>There have been no weaknesses reported in relation to potential to override controls or exert undue influence on the reporting process. Budgets are monitored in a consistent, structured and open manner. The Council neither rewards nor penalises staff based on financial targets</p>
<p>7. Are there any areas where there is potential for misreporting?</p>	<p>No concerns</p>

Fraud risk assessment

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Question	Management response
<p>8. How do the Council communicate and encourage ethical behaviours and business processes of it's staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud?</p> <p>Have any significant issues been reported?</p>	<p>There is a staff code of conduct and Financial Regulations. These are available for all staff to access on the Council web-site. Staff are regularly reminded of these.</p> <p>There is a Counter Fraud and Corruption Policy and a Whistleblowing procedure in place which explain the procedures to follow. Policies are in place regards Money Laundering including expectations from staff if suspicions are raised.</p> <p>No significant issues reported</p>
<p>9. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>All posts have the risk for potential fraud and all staff are expected to be fully compliant of and comply with the code of conduct and Financial Regulations. There is a hierarchy of authority to authorise expenditure/ virement commensurate with individual responsibilities ensuring appropriate governance oversight of major commitments.</p> <p>Controls around reduced single dependencies and separation of duties are established ad these are checked upon by Internal Audit particular around financial and IT system controls</p>
<p>10. Are you aware of any related party relationships or transactions that could give rise to instances of fraud?</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>Members and officers are required to make full disclosure of any relationships that may impact upon their roles. Members are required to declare any relevant interests at Council and Committee meetings. No fraud risk has been identified on the basis of this.</p>

Fraud risk assessment

Question	Management response
<p>11. What arrangements are in place to report fraud issues and risks to the Audit Committee? How does the Audit Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control? What has been the outcome of these arrangements so far this year?</p>	<p>The Audit and Governance Committee routinely receive details of all audit reports and full reports are presented where only limited assurance for an area is given. In these circumstances, relevant officers are required to attend and account for identified deficiencies and detail remedial actions being undertaken.</p> <p>Any investigations in relation to fraud will be reported to the Audit and Governance Committee as a matter of course. Again, any recommendations and remedial actions will be reported to the Committee.</p> <p>No issues have required reporting in 2020/21</p>
<p>12. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>One case of whistle blowing was raised in year and on investigation and based on legal opinion did not meet the definition. The individual involved was satisfied with the outcome to the issue raised. The area raised is however subject to an independent learning review and report to be presented to Council regarding the Council's treatment of a now ex member of staff. Details were presented to Council in 2020/21 in a joint report from the Monitoring Officer and S151 Officer.</p>
<p>13. Have any reports been made under the Bribery Act?</p>	<p>None to report</p>

Law and regulations

Issue

Matters in relation to laws and regulations

ISA (UK) 250 requires us to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the Audit Committee, is responsible for ensuring that the Council's operations are conducted in accordance with laws and regulations including those that determine amounts in the financial statements.

As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. As part of our risk assessment procedures we are required to make inquiries of management and the Audit Committee as to whether the entity is in compliance with laws and regulations. Where we become aware of information of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Risk assessment questions have been set out below together with responses from management.

Impact of laws and regulations

Question	Management response
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does the Council have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to the Council's regulatory environment that may have a significant impact on the Council's financial statements?</p>	<p>All reports / Portfolio Holder decisions are considered for legal issues before submission to members and Legal's comments are provided in these reports – this is a Constitutional requirement. Monitoring Officer (qualified lawyer) is the statutory officer responsible for legal/ethical compliance; the position is supported by another qualified lawyer as deputy. The Monitoring Officer prepares reports to Council for constitutional changes. The Legal team advise teams on powers and duties and ensure teams are informed of relevant changes to laws and regulations when they arise. Work flows review lawfulness of Council actions and appropriate advice given where any potential risks / breaches found. The Monitoring Officer is under a duty to report any unlawful decision making to Council.</p> <p>Staff in legal and licensing teams regularly attend training courses on updated and new legislation. New legal issues and how to make the council compliant are discussed at senior management team and team meetings. Council's solicitor regularly advises SMT of legal cases impacting on council practice so heads can act on it. Corporate complaints process, together with Local Government Ombudsman investigation / decisions, enables review of decision making on an ongoing basis. Regular reports to SMT on complaint and LGO findings so learnings can be taken on board. Council also receives reports on both complaints / LGO outcomes.</p> <p>Internal Audit and External Agency Reviews, findings of which are reported to Audit & Governance Committee.</p> <p>The Constitution is on the internet/ intranet for main legal framework. Delegated functions are within the Constitution: part 3 section 3. Strategic Leads monitor and implement changes required in individual service areas with reports to Committee as necessary; Senior Management team monitors cross cutting issues; Delegations in Constitution updated annually. Legal Team raise areas of concern with Council Solicitor / Monitoring Officer so there is corporate awareness. Corporate complaint process enables further review of the Council's decision making. Audits provide a further check mechanism as does the Scrutiny function.</p> <p>Not aware of any changes that significantly impact the financial statements.</p>

Impact of laws and regulations

Question	Management response
2. How is the Audit Committee provided with assurance that all relevant laws and regulations have been complied with?	Audit Committee agrees the Code of Corporate Governance every two years. Audit reporting and reports from the Monitoring Officer when relevant. Signing off of the Annual Governance Statement.
3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2020 with an on-going impact on the 2020/21 financial statements?	None to report
4. Is there any actual or potential litigation or claims that would affect the financial statements?	None to report

Impact of laws and regulations

Question	Management response
5. What arrangements does the Council have in place to identify, evaluate and account for litigation or claims?	Finance discuss with Monitoring Officer (Senior Legal Officer) to identify any significant litigation claims at year end.
6. Have there been any report from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?	None to report

Related Parties

Issue

Matters in relation to Related Parties

The Council are required to disclose transactions with entities/individuals that would be classed as related parties. These may include:

- entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the Council;
- associates;
- joint ventures;
- an entity that has an interest in the authority that gives it significant influence over the Council;
- key management personnel, and close members of the family of key management personnel, and
- post-employment benefit plans (pension fund) for the benefit of employees of the Council, or of any entity that is a related party of the Council.

A disclosure is required if a transaction (or series of transactions) is material on either side, i.e. if a transaction is immaterial from the Council's perspective but material from a related party viewpoint then the Council must disclose it.

ISA (UK) 550 requires us to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. We will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

Related Parties

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Question	Management response
<p>1. Have there been any changes in the related parties including those disclosed in the Council's 2019/20 financial statements?</p> <p>If so please summarise:</p> <ul style="list-style-type: none">• the nature of the relationship between these related parties and the Council• whether the Council has entered into or plans to enter into any transactions with these related parties• the type and purpose of these transactions	<p>None to report</p>
<p>2. What controls does the Council have in place to identify, account for and disclose related party transactions and relationships?</p>	<p>Related party transactions and relationships are reported within the statutory accounting process through analysis of existing disclosure records and a specific process to collect information on these relationships to reflect in the Accounts.</p>
<p>3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?</p>	<p>Members and officers are required to make full disclosure of any relationships that may impact upon their roles. Members are required to declare any relevant interests at Council and Committee meetings. Financial Regulations and Contract Standing Orders deal with how related party should be dealt with in relation authorisation and transactions.</p>
<p>4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?</p>	<p>Financial Regulations and Contract Standing Orders deal with how related party should be dealt with in relation authorisation and transactions.</p>

Accounting estimates

Issue

Matters in relation to Related Accounting estimates

ISA (UK) 540 (Revised December 2018) requires auditors to understand and assess an entity's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the entity's risk management process identifies and addresses risks relating to accounting estimates;
- The entity's information system as it relates to accounting estimates;
- The entity's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?

We would ask the Audit Committee to satisfy itself that the arrangements for accounting estimates are adequate.

Accounting Estimates - General Enquiries of Management

Question	Management response
1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?	As set out in Appendix A to this document. Property Plant & Equipment, Investment Properties, Pensions (liabilities and assets), Business Rates, Debtors and Creditors.
2. How does the Council's risk management process identify and addresses risks relating to accounting estimates?	<p>The risk review process and reports are fed through to Senior Management Team and Governance Committee. Any impacts realised upon financial statements would then identified by s151 Officer and the finance team.</p> <p>The accounts include an assessment of sensitivity of the published estimates.</p>
3. How do management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?	<p>The Sensitivity Analysis detailed above enables the Council to quantify the risk of any misstatement due to material error. The engagement of professional third-party firms with clear terms of reference in valuing the main accounting estimates that may be subject to uncertainty further mitigates this risk.</p> <p>Finance team receive regular external training to be up to date on accounting estimates and any legislative changes; this is fed through to any service area impacted such as property valuations. Property valuers also attend regular training. Key accounting estimates are controlled through the s151 Officer and Deputy S151 Officer; dialogue with officers such as Property team, Business Rates team will take place from finance officers with any change management/issues escalated to management.</p>
4. How do management review the outcomes of previous accounting estimates?	Meetings and ongoing discussions between Finance and Property Team valuers in relation to asset valuations. Discussions between Finance and Business Rates team on NNDR 1 and NNDR 3 and impacts upon business rates income, appeals and provisions. Specific debtor and creditor balances accrued for would be measured against eventual financial settlement of the outstanding amounts identified.
5. Were any changes made to the estimation processes in 2020/21 and, if so, what was the reason for these?	None identified

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Accounting Estimates - General Enquiries of Management

Question	Management response
<p>6. How do management identify the need for and apply specialised skills or knowledge related to accounting estimates?</p>	<p>Specialised skills are applied where the knowledge, expertise or qualifications necessary are not available within the Finance Team. Specifically this applies to PPE and Pension Fund valuations.</p>
<p>7. How does the Council determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?</p>	<p>Controls required in accordance with an assessment of the risk attributable to any significant error in assessment made and its potential impact on presenting a true and fair view of the Council's financial position. The primary control required of the service providers is that they are appropriately experienced and professionally qualified.</p>
<p>8. How do management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?</p>	<p>The Accounting Policies define the methodology with suitable qualified individuals undertaking the work required and verified through the Finance Team.</p>
<p>9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including:</p> <ul style="list-style-type: none"> - Management's process for making significant accounting estimates - The methods and models used - The resultant accounting estimates included in the financial statements. 	<p>The Accounting Policies are taken to Audit and Governance Committee for approval and adoption. These include, as detailed the Management process for making significant accounting estimates, the methods and models used. The resulting accounting estimates are reflected in the draft Statement of Accounts which are published during the period of External Audit review and can be inspected by the public in addition to any officers or members who wish to scrutinise</p>

Accounting Estimates - General Enquiries of Management

Question	Management response
10. Are management aware of transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)?	PPE estimates and Pension Fund estimates are likely to be subject to material uncertainty recognising the economic environment pertaining due to the Covid-19 pandemic. These are disclosed in the Accounts.
11. Are the management arrangements for the accounting estimates, as detailed in Appendix A reasonable?	Yes. Where estimation is necessary, appropriate estimating methodology is utilised. Estimates will be prepared by those best qualified, e.g. pension fund actuary, professionally qualified asset valuer.
12. How is the Audit Committee provided with assurance that the arrangements for accounting estimates are adequate ?	The Accounting Estimates and Judgements are reported to Audit and Risk Committee for their approval.

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Property, plant & equipment valuations	Fair value for land/buildings defined as 'existing use' by the Council.	Valuations are performed annually to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. For land and buildings all material assets will be considered in 2020/21.	Valuer used for PPE valuations.	Degree of uncertainty inherent with any revaluation. We employ professional valuers and rely on expert opinion.	No
Estimated remaining useful lives of PPE	Each part of an item of property, plant and equipment with a significant cost in relation to the total cost is depreciated separately. Depreciation methods, useful lives and residual values are reviewed each financial year and adjusted if appropriate.	See left box	Valuer used for PPE valuations.	Depreciation is calculated on a straight line basis as this reflects consumption of assets and is a reasonable assumption.	No

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Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Depreciation and Amortisation	See above	See above	See above	See above	No
Impairments	Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall	See left.	Valuer used for PPE valuations. Where appropriate	See above	No.

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Measurement of Financial Instruments	Measurements are obtained from appropriate sources. The Authority follows the requirements of the CIPFA Code of Practice	Knowledge by the Treasury Team and from the Council's Treasury Management Advisors.	Fund advisers	The measurements are based upon the best information held at the current time and are provided by experts in their field.	No

Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Provisions for liabilities	<p>Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the value.</p> <p>Provisions are charged as an expense to the appropriate service line in the CIES in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and</p>	Charged in the year that the Council becomes aware of the obligation. A calculation is made by the service and Accountant based upon information from third parties, e.g. insurers, solicitors.	As necessary on an individual basis	Each provision is assessed on an individual basis to ensure that it meets the criteria of a provision per IAS 37. The degree of uncertainty is assessed when determining whether a provision is the correct treatment for an item.	No.

Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Bad Debt Provision	A provision is estimated using a proportion basis of an aged debt listing.	Accountant in conjunction with service area calculate the provisions from the aged debt listing based upon prior	No	A consistent proportion of the aged debt listing is applied after any specific debts have been provided for where circumstances of certainty are known. The proportion is based upon the type of debt	No.

Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Accruals	We use standard accruals accounting –accruals are based on expenses incurred that have not yet been paid.	Monthly management accounts provides rigorous analysis so that any accruals are highlighted and actioned throughout the year.	N/A.	N/A.	No.
Non Adjusting events – events after the balance sheet date	The S151 Officer makes the assessment. If the event is indicative of conditions that arose after the balance sheet date then this is a non-adjusting event. For these events, only a note to the accounts is included identifying the nature of the event and where possible estimates of the financial effect.	See left.	N/A.	N/A.	No.

Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Pension Fund (LGPS) Actuarial gains/losses	The Council is an admitted body to the Local Government Pension Scheme. Information is passed from the Council to the Actuary upon which they base their assessment for the financial year	The Actuary's report is reviewed by Finance Staff for reasonableness.	the Council are provided with an actuarial report.	The nature of these figures forecasting into the future are based upon the best information held at the current time and are developed by experts in their field.	No.

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Audit and Governance Committee
23 September 2021

Audit and Governance Committee		
Forward Plan 2021/22		
Date of Committee	Report	Lead Officer
18 November 2021	<ul style="list-style-type: none"> • Audit Committee Progress update • DBS Checks for Councillors - update from LGA • Review of the Anti-Fraud Theft and Corruption Policy • Review of the Anti-Bribery Policy • Review of the Whistleblowing Policy • Review of the Local Code of Corporate Governance • RIPA update and policy review • RIPA update 	Grant Thornton Monitoring Officer Strategic Lead Governance & Licensing Strategic Lead Governance and Licensing Strategic Lead Governance and Licensing
20 January 2022	<ul style="list-style-type: none"> • Internal Audit Activity – Quarter 3 2021/22 • Audit Findings Report • Audit Committee Progress update • Risk Management review – half year review • Review of the Anti-Fraud Theft and Corruption Policy, Anti-Bribery Policy and Whistleblowing Policy • Review of the Local Code of Corporate Governance • Strata Annual Internal Audit report • RIPA update 	SWAP Grant Thornton Grant Thornton Management Information Officer Strategic Lead – Governance & Licensing Strategic Lead – Governance & Licensing DAP Strategic Lead – Governance & Licensing

17 March 2022	<ul style="list-style-type: none"> • Annual Audit Plan 2022/23 and Review of Internal Audit Charter • Internal Audit Plan Progress • Auditor’s Annual Report • Audit Committee Progress update • 2021/22 External Audit Plan • Accounting Policies Approval • RIPA update 	SWAP SWAP Grant Thornton Grant Thornton Grant Thornton Financial Services Manager Strategic Lead – Governance & Licensing
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