

**Agenda for Audit and Governance Committee  
Thursday, 21st September, 2023, 2.30 pm**

**Members of Audit and Governance Committee**

Councillors: K Bloxham, C Burhop (Vice-Chair), C Fitzgerald,  
S Gazzard, M Goodman, D Haggerty, S Hawkins (Chair),  
Y Levine, C Nicholas and T Olive

**Venue:** Council Chamber, Blackdown House

**Contact:** Amanda Coombes;

01395 517543; email [acoombes@eastdevon.gov.uk](mailto:acoombes@eastdevon.gov.uk)

(or group number 01395 517546)

Tuesday, 12 September 2023



East Devon District Council  
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Honiton  
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[www.eastdevon.gov.uk](http://www.eastdevon.gov.uk)

- 1 Minutes of the previous meeting (Pages 3 - 6)  
Minutes for 27 July 2023
- 2 Apologies
- 3 Declarations on interest  
Guidance is available online to Councillors and co-opted members on making [declarations of interest](#)
- 4 Public speaking  
Information on [public speaking](#) is available online
- 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 Plan 2023-24 - SWAP** (Pages 7 - 17)
- 8 **Internal Audit Activity Progress report - SWAP** (Pages 18 - 31)
- 9 **Audit Progress report and Sector update - Grant Thornton** (Pages 32 - 40)
- 10 **Financial Monitoring report 2023/24 - Month 4 July 2023** (Pages 41 - 42)

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Members of the public exercising their right to speak during Public Question Time will be recorded.

[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 Axe and Tale Room, Blackdown House on 27 July 2023**

**Attendance list at end of document**

The meeting started at 2.30 pm and ended at 3.30 pm

**1 Public speaking**

There were no public speakers.

**2 Minutes of the previous meeting**

The minutes of the Audit and Governance Committee held on 23 March 2023 were confirmed as a true record.

**3 Declarations on interest**

None.

**4 Matters of urgency**

None.

**5 Confidential/exempt item(s)**

There are no items which officers recommend should be dealt with in this way.

**6 Internal Audit Progress report - SWAP**

Lisa Fryer, Assistant Director, SWAP provided an update on the 2022/23 Internal Audit Plan on the 2022/23.

**RESOLVED:**

That the progress made in delivery of the 2022/23 Internal Audit Plan and findings be noted.

**7 Housing - Property & Asset Compliance Position Statement**

The Compliance & Cyclical Servicing Manager presented the report which had been requested at the previous Committee. The report provided assurance to the position with compliance for the council's housing stock which was managed by the Property & Asset team.

**RESOLVED:**

That the current position with compliance for the council's housing stock be noted.

**8 Internal Audit Annual Opinion Report 2022/23 - SWAP**

Lisa Fryer, Assistant Director, SWAP explained to members how the Internal Audit function played a central role in corporate governance, by providing assurance to the

Committee, looking over financial controls and checking on the probity of the organisation.

The 2022-23 Annual Audit Plan provided independent and objective assurance on EDDC Internal Control Environment. This work supported the Annual Governance Statement.

**RESOLVED:**

That the Internal Audit Annual Opinion on the effectiveness of governance, risk and control in the delivery of EDDC Objectives be noted.

9 **Revenue and Capital Outturn Report 2022-2023**

The Director of Finance presented the report which had been debated at Cabinet on 12 July 2023. He informed the Committee of the financial outturn position for 2022/23 and to note the recommendations to Council.

**RESOLVED:**

That the Revenue and Capital Outturn position for 2022/23 and the recommendations to Cabinet on 12 July 2023 be noted.

10 **South West Mutual Regional Bank**

The Director of Finance provided a committee requested update on the South West Regional Bank proposal in which the council; along with a number of other South West Local Authorities, provided investment funding in order to set up a regional bank.

**RESOLVED:**

That the position on the update of South West Regional Bank be noted.

11 **Risk Management Review**

Risk information for the 2023/24 financial year was supplied to allow the committee to monitor the risk status of Strategic and Operational Risks. This followed the full review of risks by responsible officers during May/June 2023. Most of the reviews were completed by the responsible officers with the Management Information Officer.

During discussions the Committee asked that items on the risk register be presented starting from the high-risk scores following on to lower scores. It was important to understand any risks and how these impacted the council and that actions taken to lower any risk scores were reported back to the Committee. The Management Information Officer said she would present future risks scores in a 'now and then' format in order for this information to be useful to Members. She said she would ask the Responsible Officers to provide further information on the reasons for the scores provided. She acknowledged that this information would be useful feedback to SMT with more detail and scrutiny of risks and would look into getting the Risk Register documents onto a system that Members could access.

**RESOLVED:**

That the current status of risks following the full risk review undertaken in May/June 2023 be noted.

## 12 **Request from Council - Review of record keeping**

Following on from an Extraordinary Council meeting on 11th July 2023 to consider a report commissioned by Council into the actions of East Devon District Council following allegations and then criminal charges against former Councillor John Humphreys. The draft minutes of that meeting referred to the Audit and Governance Committee to instigate a requirement for a review of record keeping by the Council.

The Director of Finance stated it was appropriate that the Audit & Governance Committee request SWAP to undertake an audit on its behalf into this topic.

### **RESOLVED:**

1. That SWAP is requested to undertake an audit into the Council's recording keeping and to make any necessary recommendations for improvements, this to be scheduled for the 3<sup>rd</sup> quarter of the 2023/24 audit plan.
2. That taking into account the views of the Committee, the Chair and Vice Chair agree the final audit scope following discussions with SWAP, the Director of Finance and the Director of Governance & Licensing (Monitoring Officer).

## 13 **Audit and Governance Forward Plan**

Items to be considered at the 21 September 2023 committee included:

- Audit Committee Update
- Auditor's Annual Report 2021-22
- Internal Audit Activity – Quarter 2 2022/23
- Internal Audit Plan - October 2023 to March 2024
- Strata Annual Internal Audit report
- Statement of Accounts

### **Attendance List**

#### **Councillors present:**

K Bloxham  
C Burhop (Vice-Chair)  
C Fitzgerald  
M Goodman  
S Hawkins (Chair)  
Y Levine  
C Nicholas  
T Olive

#### **Councillors also present (for some or all the meeting)**

I Barlow

#### **Officers in attendance:**

Amanda Coombes, Democratic Services Officer  
Jo Avery, Management Information Officer  
Michelle Davidson, Compliance and Cyclical Servicing Manager  
Graham Baker, Property and Asset Manager  
Beth AC Bowers, Grant Thornton  
Simon Davey, Director of Finance  
Lisa Fryer, SWAP

Amy Gilbert-Jeans, Assistant Director Housing

**Councillor apologies:**

S Gazzard  
D Haggerty

Chair .....

Date: .....

Report to: Audit and Governance Committee



Date of Meeting 21 September 2023

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

## Internal Audit Plan 2023-24

### Report summary:

Internal Audit Plan 1 October 2023 to 31 March 2024

### Is the proposed decision in accordance with:

Budget Yes  No

Policy Framework Yes  No

### Recommendation:

The Committee is requested to approve the Internal Audit Plan for 1<sup>st</sup> October 2023 to 31<sup>st</sup> March 2024.

### Reason for recommendation:

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

Officer: Lisa Fryer, Assistant Director, SWAP Internal Audit Services. [Lisa.fryer@swapaudit.co.uk](mailto:Lisa.fryer@swapaudit.co.uk)

Portfolio(s) (check which apply):

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

**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)

Better homes and communities for all

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A greener East Devon

A resilient economy



# East Devon District Council

2023-24 Internal Audit Plan

1<sup>st</sup> October 2023 to 31<sup>st</sup> March 2024

page 9

# The Internal Audit Plan: Summary

The internal audit plan represents a summary of the proposed audit coverage that the internal audit team will deliver throughout the 2023/24 financial year.

Delivery of an internal audit programme of work that provides sufficient and appropriate coverage, will enable us to provide a well-informed and comprehensive year-end annual internal audit opinion.

## Introduction and Objective of the Internal Audit Plan

Internal audit provides an independent and objective opinion on the Authority's risk management, governance, and control environment by evaluating its effectiveness.

The objective of our planning process and subsequent plan is to put us in a position to provide a well-informed and comprehensive annual audit opinion, based on sufficient and appropriate coverage of key business objectives, associated risks, and risk management processes.

The outcomes of each of the audits in our planned programme of work, will provide senior management and Members with assurance that the current risks faced by the Authority in these areas are adequately controlled and managed.

It should be noted that internal audit is only one source of assurance, and the outcomes of internal audit reviews should be considered alongside other sources, as part of the 'three lines of defence' assurance model. Key findings from our internal audit work should also be considered in conjunction with completion of the Authority's Annual Governance Statement (AGS).

It is the responsibility of the Authority's Senior Management Team and the Audit and Governance Committee, to confirm that the audit coverage contained within the proposed audit plan is sufficient and appropriate in providing independent assurance against the key risks faced by the organisation.



# The Internal Audit Plan: Approach

To develop an appropriate risk-based audit plan, SWAP have consulted with senior management, as well as reviewing key documentation, in order to obtain an understanding of the organisation's strategies, key business objectives, associated risks, and risk management processes. This year, we have also engaged discussions with lead officers on the Unitary Transition Process to ensure suitable assurances are included within the Audit Plan.

## Approach to Internal Audit Planning 2023/24

The factors considered in putting together the 2023/24 internal audit plan have been set out below:



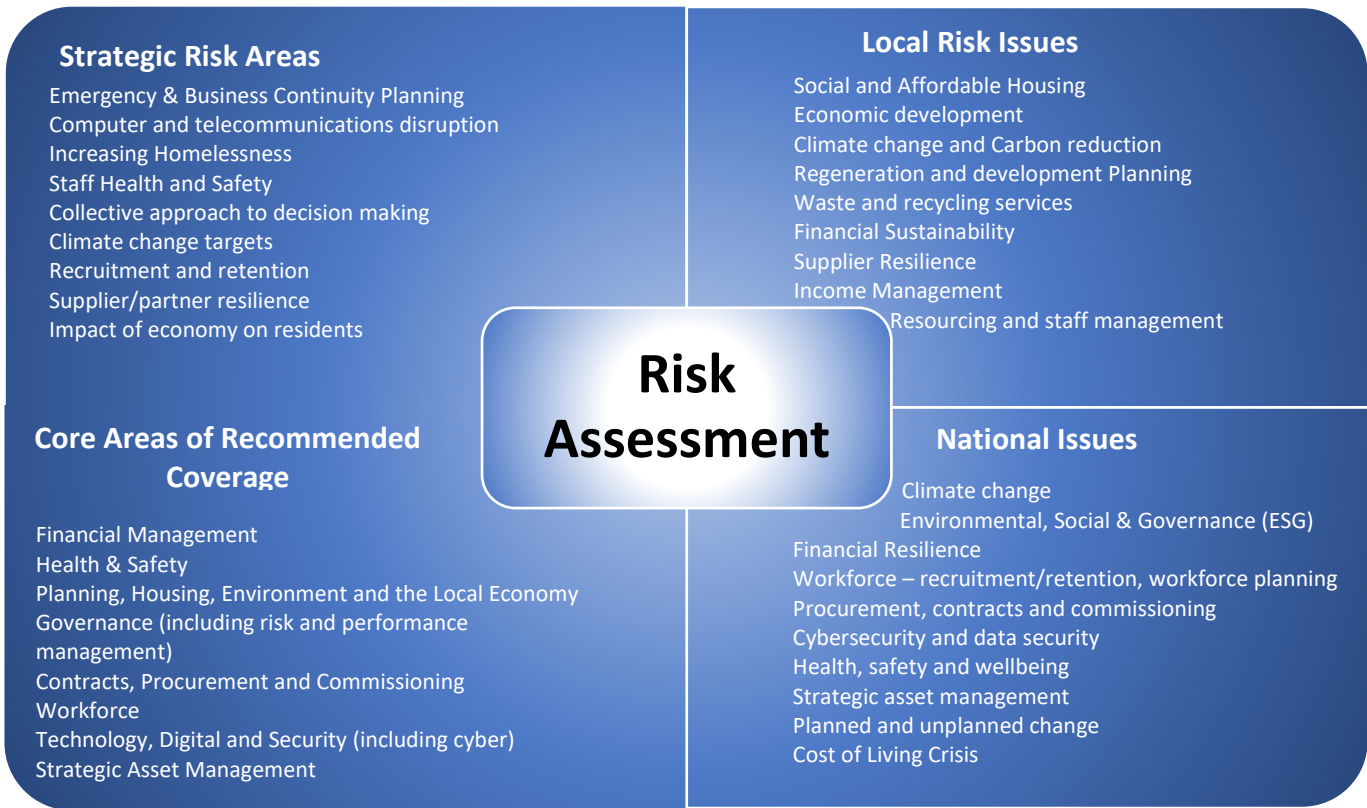
Our approach to delivering your internal audit plan is to remain flexible to respond to new and emerging risks. We will adopt an 'agile rolling plan' approach and whilst this will be a 'live' continuous approach, confirmed work will only cover every six months with a rolling 'back-log' for future consideration. Priorities will be assessed in conjunction with Senior Management. Members of the Audit and Governance Committee are welcome to share thoughts of priorities areas for Assurance work.

# The Internal Audit Plan: Risk Assessment

A documented risk assessment prior to developing an internal audit plan, ensures that sufficient and appropriate areas are identified for consideration.

## Internal Audit Annual Risk Assessment

Our 2023/24 internal audit programme of work is based on a documented risk assessment, which SWAP will re-visit regularly. The risk assessment includes coverage against EDDC Corporate/Operational Risks and Priorities and the wider SWAP top 10 risk themes and Healthy Organisation areas. Below we have set out a summary of the outcomes of the risk assessment for East Devon District Council:



page 12

# The Internal Audit Plan: Risk Assessment

Following our SWAP Risk Assessment above, we have set out how the proposed 2023/24 quarter 3 and 4 plan presented in Appendix A provides coverage of the Authority's key corporate objectives and risks, as well as our core areas of recommended audit coverage.

Internal audit is only one source of assurance and should be considered in this context.

## Internal Audit Coverage in 2023/24 – October to end March 2024

Our aim is to produce an agile, risk-assessed work plan, containing key areas of coverage.

Traditionally an annual plan is presented to committee ahead of the start of the financial year. Fixing a plan and agreeing it in advance always means that it is subject to a high degree of uncertainty and change. It is now recognised across the profession that a better approach is to build our plan in conjunction with management and add to it as the year progresses. Our planning approach means that the 2023/24 audit plan is flexible to respond to new and emerging risks, as and when they are identified.

The plan for the first half of the year was agreed by members in March. To produce the plan for the second half of the year meetings have been held with all Assistant Directors including the S.151 and monitoring officers to obtain their input into the plan. These meetings have been key to agreeing a programme of work reflective of the corporate plan goals and associated risks. This approach ensures that resources are directed to the areas where internal audit can offer the most value and insight. We have set out the proposed plan in **Appendix A**.

We also maintain a rolling plan that is continually updated as new areas of work are agreed. New audits are risk assessed and added to the rolling plan meaning lower risk audits roll back to be delivered at a point in the future. The rolling plan will be the basis of each six-monthly review, with audits agreed with Senior Management according to risk.

Internal audit coverage can never be absolute and responsibility for risk management, governance and internal control arrangements will always remain fully with management. As such, internal audit cannot provide complete assurance over any area, and equally cannot provide any guarantee against material errors, loss or fraud.





# The Internal Audit Plan: SWAP

SWAP Internal Audit Services is a public sector, not-for-profit partnership, owned by the public sector partners that it serves. The SWAP Partnership now includes 25 public sector partners, providing services throughout the UK.

As a company, SWAP has adopted the following values, which we ask our clients to assess us against following every piece of work that we do:

- Candid
- Relevant
- Inclusive
- Innovative
- Dedicated

## Your Internal Audit Service

### **Conformance with Public Sector Internal Audit Standards**

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.

Every three years, SWAP is subject to an External Quality Assessment of Internal Audit Activity. The last of these was carried out in February 2020 which confirmed conformance with the Public Sector Internal Audit Standards. An annual self-assessment process confirms ongoing compliance.

### **Conflicts of Interest**

We are not aware of any conflicts of interest within East Devon District Council that would present an impairment to our independence or objectivity. Furthermore, we are satisfied that we will conform with our IIA Code of Ethics in relation to Integrity, Objectivity, Confidentiality, & Competency.

### **Consultancy Engagements**

As part of our internal audit service, we may accept proposed consultancy engagements, based on the engagement's potential to improve management of risk, add value and improve the organisation's operations. Consultancy work that is accepted, will contribute to our annual opinion and will be included in our plan of work.

### **Approach to Fraud**

Internal audit may assess the adequacy of the arrangements to prevent and detect irregularities, fraud and corruption. We have dedicated counter fraud resource available to undertake specific investigations if required. However, the primary responsibility for preventing and detecting corruption, fraud and irregularities rests with management who should institute adequate systems of internal control, including clear objectives, segregation of duties and proper authorisation procedures.

### **Internal Audit Charter**

This covers the nature, role, responsibility, status and authority of internal auditing within East Devon District Council and was approved by this committee in March 2023.

# The Internal Audit Plan: Approach

Over and above our internal audit service delivery, SWAP will look to add value throughout the year wherever possible. This will include:

- Benchmarking and sharing of best-practice between our public-sector Partners
- Regular newsletters and bulletins containing emerging issues and significant risks identified across the SWAP partnership
- Communication of fraud alerts received both regionally and nationally
- Member training sessions

## Our Reporting

A summary of internal audit activity will be reported quarterly to senior management and the Audit Committee. This reporting will include any significant risk and control issues (including fraud risks), governance issues and other matters that require the attention of senior management and/or the Audit Committee. We will also report any response from management to a risk we have highlighted that, in our view, may be unacceptable to the organisation.

## Internal Audit Performance:

As part of our regular reporting to senior management and the Audit Committee, we will report on internal audit performance. The following performance targets will be used to measure the performance of our audit activity:

Performance Measure	Performance Target
<p style="text-align: center;"><b><u>Delivery of Annual Internal Audit Plan</u></b> Completed at year end</p>	>90%
<p style="text-align: center;"><b><u>Quality of Audit Work</u></b> Overall Client Satisfaction <i>(did our audit work meet or exceed expectations, when looking at our Communication, Auditor Professionalism and Competence, and Value to the Organisation)</i></p>	>95%
<p style="text-align: center;"><b><u>Outcomes from Audit Work</u></b> 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%

page 15

It should be noted that the audit titles and high-level scopes included below are only indicative at this stage for planning our resources. At the start of each audit, an initial discussion will be held to agree the specific terms of reference for the piece of work, which includes the objective and scope for the review.

Audit Area to Deliver In Plan	Planned Quarter	Rationale	Link to Strategic/Operational Risk	Audit Sponsor
<b>Financial Planning</b>	Q3	Financial resilience is key to sustainable delivery of the Council's priorities.	Adequacy of financial resource planning to deliver the Council's priorities	Director of Finance, Revenues & Benefits
<b>Supplier Resilience</b> (was Q1)	Q4	Review the mechanisms the authority has in place to manage vulnerable supply chains. Moved back to enable work on contract register to take place.	Business Failure of a major contractor or significant partner	Director of Finance, Revenues & Benefits
<b>Business Rates</b>	Q3	Key Council system that has not been subject to audit in recent years.	Operational risk - failure to collect all income due to the council - council tax, business rates, rent, fines & Sundry income.	Assistant Director Revenues & Benefits
<b>Firmstep – Digital Project Outcomes</b> (was Q2)	Q4	Review of the project against the original business case and whether outcomes have been delivered. Deferred as replaced in Q2 with a review of compliance with Data Protection Act of the customer data held in Firmstep.		Assistant Director Revenues & Benefits
<b>Elections</b>	Q3	Request to provide assurance of process fundamental to democracy from new monitoring officer.	Implementation of the Elections Act 2022	Director of Governance & Licencing
<b>Planning Enforcement Service</b>	Q3	Important service not subject to audit in recent years. Covers building work, listed buildings and tree preservation.	Operational risk - Failure of correct procedures and practices causing challenges to decisions.	Assistant Director Planning Strategy & Development Management
<b>Countryside - Use of Volunteers</b>	Q3	A large number of volunteers are essential to service delivery. Ensure that the guidebook of policies and practice is being complied with, in particular in respect to H & S.	Failure to ensure the Council's sustainability	Assistant Director Countryside & Leisure
<b>Housing Landlord health and safety compliance: Electrical Safety</b>	Q4	Delay in re-procurement of contract led to some delays in testing. The audit will provide assurance that the Council is back on track.	Failure to ensure that our corporate property portfolio is fully compliant with legal requirements	Assistant Director Housing



Audit Area to Deliver In Plan	Planned Quarter	Rationale	Link to Strategic/Operational Risk	Audit Sponsor
<b>Housing Ombudsman Complaint</b> (was Q2)	Q4	Look at complaints process across the housing service. Improvements have been made. Audit moved from Q2 to Q4 to allow time for these to become embedded.	Failure to ensure that our corporate property portfolio is fully compliant with legal requirements	Assistant Director Housing
<b>Housing Site Development</b> (advisory)	Q3	Advisory work around governance arrangements in place for the building of new social & affordable housing. To compare with other partners and clients where possible.	Retaining and strengthen a collective approach to decision making	Assistant Director Housing Task Force
<b>Waste Contract Extension</b>	Q4	A 3-year contract extension starts in Autumn 23/24. Look at compliance with this new arrangement.	Operational risk - the continuity of the recycling and waste service	Assistant Director Streetscene
<b>Emergency Planning Follow-up</b>	Q4	Follow-up of Q1 23/24 limited assurance audit.	Adequate emergency planning and business continuity	Assistant Director Environmental Health

In addition to the programme of Audits, time will also be used to provide support in the following area across quarters 3 to 4 during 2023-24

Advice & Support	<ul style="list-style-type: none"> <li>• Committee Attendance &amp; Reporting</li> <li>• Head of Audit Role/planning</li> <li>• Tracking of agreed audit actions</li> <li>• Member training</li> <li>• Fraud bulletins and News round-up</li> </ul>
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Report to: Audit and Governance Committee



Date of Meeting 21 September 2023

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

## Internal Audit Activity Progress Report – September 2023

### Report summary:

Internal Audit Progress Report – September 2023

#### Is the proposed decision in accordance with:

Budget Yes  No

Policy Framework Yes  No

### Recommendation:

The Committee is requested to note progress made in delivery of the 2023/24 internal audit plan as at the start of September and the findings reported.

### Reason for recommendation:

It is a requirement that the Audit and Governance Committee review progress of the internal audit plan.

Officer: Lisa Fryer, Assistant Director, SWAP Internal Audit Services. [Lisa.fryer@swapaudit.co.uk](mailto:Lisa.fryer@swapaudit.co.uk)

Portfolio(s) (check which apply):

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

**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)

- Better homes and communities for all
  - A greener East Devon
  - A resilient economy
-

# East Devon District Council






Report of Internal Audit Activity

Progress Report – September 2023

Year Ended 31 March 2024

# Internal Audit Update – September 2023/24 update ‘At a Glance’

## The Headlines

	<p><b>Reviews completed</b></p> <ul style="list-style-type: none"> <li>• 2 assurance opinion reviews</li> <li>• 2 follow-ups</li> </ul>
	<p><b>Progress to date</b></p> <p>On track to deliver H1 plan:</p> <ul style="list-style-type: none"> <li>• 69% reviews at least in progress</li> </ul>
	<p><b>High corporate risks</b></p> <p>None reported in the period.</p>
	<p><b>Plan Changes</b></p> <p>Two audits have been added to the plan at the request of the service. Two audits have been moved to the second half of the year.</p>
	<p><b>Range of innovations and enhancements made to our internal audit process throughout the year</b></p> <p>As part of the IR35 review policies and practices used by other Councils in the partnership were shared with East Devon.</p>

## Internal Audit Assurance Opinions 2023/24

	Sept	YTD
Substantial	0	0
Reasonable	0	0
Limited	2	2
No Assurance	0	0
<b>Total</b>	<b>2</b>	<b>2</b>

## Internal Audit Agreed Actions 2023/24

	Sept	YTD
Priority 1	6	6
Priority 2	7	7
Priority 3	6	6
<b>Total</b>	<b>19</b>	<b>19</b>

page 21

## Summary

As part of our rolling plan reports, we will detail progress against the approved plan and any updates in scope and coverage.

We will also provide details of any significant risks that we have identified in our work, along with the progress of mitigating significant risks previously identified through audit activity.

The contacts at SWAP in connection with this report are:

**Lisa Fryer**

Assistant Director

[lisa.fryer@swapaudit.co.uk](mailto:lisa.fryer@swapaudit.co.uk)

**David Hill**

Chief Executive

[david.hill@swapaudit.co.uk](mailto:david.hill@swapaudit.co.uk)



### Summary

#### Introduction

This 2023/24 progress report allows monitoring against the plan agreed for the first six months of the year by this Committee in March 2023. The plan remains necessarily flexible and two reviews have now been added at the request of Senior Management. The schedule provided at **Appendix D** details progress made against the plan, including the new audit 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 at **Appendix A** of this document.

To assist the Committee in its important monitoring and scrutiny role, in those cases where weaknesses have been identified in service/function reviews that are considered to represent significant service risks, a summary of the key audit findings that have resulted in them receiving a ‘limited Assurance Opinion’ is given as part of this report in **Appendix B**.

A follow-up review is performed in respect of all limited assurance opinion audits. This is important to provide evidence that recommendations have been implemented to reduce areas of risk identified. The results of follow-up reviews performed in the period can be found in **Appendix C**.

In circumstances where findings have been identified which are considered to represent high corporate risks to the Council, due to their importance, these issues are separately summarised. No significant corporate risks were reported in the period.

# Internal Audit Plan Update

Our audit plan coverage assessment is designed to provide an indication of whether we have provided sufficient, independent assurance to monitor the organisation’s risk profile effectively.

For those areas where no audit coverage is planned, assurance should be sought from other sources to provide a holistic picture of assurance against key risks.



## SWAP audit plan coverage across strategic risks

The table below provides a summary of how our completed audits and work in progress to date this year provides assurance over key strategic risks areas in the Internal Audit Plan. As the year builds and more work is completed, coverage across the key risk areas will increase. ‘Reasonable’ coverage reflects delivery of planned assurance levels.

<b>Table Key</b>	Reasonable internal audit coverage 2023-24	Partial internal audit coverage 2023-24	No internal audit coverage 2023-24
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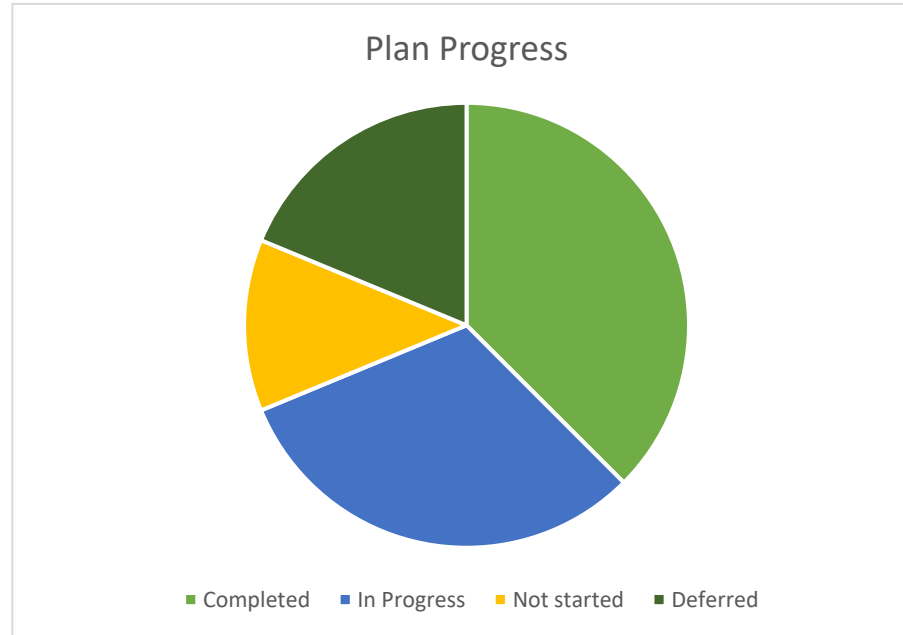
Strategic Risk	Coverage
Business failure of a major contractor or significant partner	Supplier Resilience
Adequacy of financial resource planning to deliver the Council's priorities	
Major disruption in continuity of computer and telecommunications services	
Adequate emergency planning and business continuity	Emergency Planning
Failure to ensure corporate property portfolio is fully compliant with legal requirements	Asbestos follow-up, Damp and Mould
Failure to follow data protection legislation requirements & good information governance	Information Governance
Failure to deliver the Enterprise Zone and wider west end development programme	
Increasing homelessness	
Failure to ensure the Council’s sustainability	
Failure to adequately protect staff health and safety at work	
Retaining and strengthen a collective approach to decision making	
Climate Change targets not achieved	
Recruitment and Retention Issues	IR35 Compliance
Reputational damage to the organisation	
Risk of Service failure	Performance Management
Impact of the economic situation on our residents	Disabled Facilities Grant/Better Care
Implementation of the Elections Act 2022	

# Internal Audit Plan Update

We will build our audit plan as the year progresses to ensure that we are auditing the right things at the right time.



## Progress Year to Date



We are currently on track to deliver our programme of work for the first half of the year with two thirds of the plan at least now in progress.




Assurance Definitions	
<b>No Assurance</b>	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
<b>Limited</b>	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
<b>Reasonable</b>	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.
<b>Substantial</b>	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.


page 25

Definition of Corporate Risks	
Risks	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 Agreed Actions	
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.

Emergency Planning	Risks Reviewed	 Limited	Priority Actions			
	A failure to adequately plan for emergencies and understand what issues arise in planning for business continuity could lead to a major service failure.		1	2	3	Total
			0	3	5	8
<p>The Council as a Category 1 Responder must comply with the duties stated in the Civil Contingencies Act. At the time of the audit the Council had themselves identified some areas of improvement and welcomed the audit as a means of raising any other areas needing attention.</p> <p><b>Key Findings</b></p> <ul style="list-style-type: none"> <li>Although there is a community risk register owned by the local resilience forum of which East Devon is a partner, there is no local risk register covering risks specific to the East Devon District.</li> <li>Some officers with emergency planning roles and responsibilities did not have the appropriate knowledge, training and information to undertake their role.</li> <li>The areas of improvement already identified by the service needs to be pulled together into a formal action plan.</li> </ul>						

page 26

<b>Agency and Consultants – the Implications of IR35</b>	Risks Reviewed	 <p>Limited</p>	Priority Actions			
	Failure to put appropriate processes in place and to comply with the intermediaries legislation could result in significant financial penalties and reputational damage for the council.		<b>1</b>	<b>2</b>	<b>3</b>	Total
		6	4	1	11	

The Council requested this audit be added to the 23/24 plan as there were concerns that processes in place needed updating. An action plan to address all findings reported has been agreed in full.

**Key Findings**

- The policy for hiring temps, agency workers, interims and consultants does not clearly set out the roles and responsibilities in relation to the intermediaries legislation.
- Employment status assessments were found to not all be up to date and complete.
- The council does not have a definitive list of all its off-payroll workers which reduces assurance that the intermediaries legislation has been appropriately applied.
- Contract information for consultants being used was found to not all be up to date and complete.

page 27

Housing Landlord Health and Safety compliance – Asbestos	Scope and Objective	Progress Summary			
	To provide assurance that the agreed actions to mitigate against risk exposure, identified within this 2022/23 audit have been implemented.	Complete	In progress	Not Started	Total
Priority 1		0	0	0	0
Priority 2		1	2	0	3
Priority 3		1	1	0	2
<b>Total</b>		<b>2</b>	<b>3</b>	<b>0</b>	<b>5</b>

The original audit was completed in March 2023 and received a limited assurance opinion. The objective of the audit was to provide assurance that all council owned properties are safe and compliant with asbestos policy and legislation.

The data quality and completeness of the Asbestos Register has significantly improved since the original audit. This included updating the register with historical data and uploading of the survey results from the new Asbestos Contractor.

In terms of key performance indicators work remains in progress. There is a legal requirement to report and monitor the number of properties with communal areas that have had re-inspections within 12 months. Currently this is being calculated manually but work is currently going on with Housing Systems to create an interface with the contractor, Gully Howard. This will ensure automatic reporting of this data.

page 28

Disability Facility Grant and Better Care Fund	Scope and Objective	Progress Summary			
	To provide assurance that the agreed actions to mitigate against risk exposure, identified within this 2022/23 audit have been implemented.	Complete	In progress	Not Started	Total
Priority 1		0	0	0	0
Priority 2		5	0	0	5
Priority 3		1	4	0	5
<b>Total</b>		<b>6</b>	<b>4</b>	<b>0</b>	<b>10</b>

The original audit was completed in September 2022 and received a limited assurance opinion. The objective of the audit was to provide assurance that appropriate controls are in place to manage the Better Care Fund and administer the statutory Disability Facility Grants and other discretionary housing grants.

The main issue reported was the incomplete audit trail on the system being used, known as Uniform. This follow-up review demonstrated that improvements have been made to Uniform, which has resulted in more effective management of the grants and better record keeping. Forms have also been updated and now contain the appropriate Data Protection Declarations. The Financial Means Testing process has also been improved, and an additional field has been added in Uniform to enable officers to confirm that they have viewed original copies of means testing information.

Audit Type	Audit Area	Status	Opinion	No of Rec	1 =	↔	3 =
					Major		Medium
					Recommendation		
	1	2	3				
<b>Complete</b>							
Operational	Emergency Planning	Final	Limited	8	0	3	5
Operational	<b>NEW</b> Agency and Consultants – Implications of IR35	Final	Limited	11	6	4	1
Follow-up	<b>NEW</b> Housing Landlord Health and Safety compliance – Asbestos	Final	N/A	1 of 3 priority 2 recommendations complete, 2 are in progress			
Follow-up	Management of the Better Care Fund and Disability Facility Grants	Final	N/A	All 5 priority 2 recommendations complete			
<b>Reporting</b>							
Governance	Information Governance Policies	Draft					
Operational	Housing Landlord Health and Safety compliance – Damp and Mould	Draft					
<b>In progress</b>							
Governance	Strategic Partnerships	In progress					
Governance	Performance Management	In progress					
Fraud	Fraud Awareness – e-learning module	In progress					
Advisory	Member Training & support	In progress					
Follow-up	Housing Contract Management (Whistleblowing)	In progress					
<b>Not Started</b>							
Operational	Housing Contractor Management - complaints	Not started	Agreed to push back to Q4 to allow time for updated procedures to become embedded.				

page 30

Audit Type	Audit Area	Status	Opinion	No of Rec	1 =	↔	3 =
					Major		Medium
					Recommendation		
1	2	3					
Operational	Customer data in Firmstep – data protection compliance	Not started	Replaces Digital customer access strategy which has been rescheduled for Q4.				
Governance	Supplier Resilience	Not started	Agreed to push back to Q4 to allow time for contract register to be updated.				
Governance	Recruitment and On-Boarding	Not started					
<b>Deferred</b>							
Operational	Governance arrangements – district heating project	Deferred	Approval of project by cabinet scheduled for November. Defer to 24/25 to increase potential for audit work.				

# East Devon District Council Audit Progress Report and Sector Update

September 2023





# Contents

Section	Page
Introduction	03
Progress at September 2023	04
Sector update	05

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 Authority 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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# Introduction

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This paper provides the Audit and Governance Committee with a report on progress in delivering our responsibilities as your external auditors.

Members of the Audit and Governance Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications <https://www.grantthornton.co.uk/en/services/public-sector-services/>

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

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# Progress at September 2023

## Financial Statements Audit

Our work on the 2020/21 financial statements continues. We recently received responses from officers on the final remaining queries and are now working through this information. Should this not identify any other issues or queries, we intend to finalise the financial statements audit in September 2023.

We have previously reported detailed findings to the Audit and Governance Committee who provided delegated authority to the Chair to finalise the financial statements

Nationally, the audit backlog continues to be significant across Local Government. See pages 6 and 7 for a Grant Thornton publication on this topic, and page 8 for proposals currently under consideration by DLUHC intended to reduce the backlog and prevent it from re-occurring in the future.

## Value for Money

We have issued an interim Auditor's Annual Report for 2020/21 which was considered by the Audit and Governance Committee. When the audit opinion on the 2020/21 financial statements is issued, we will issue the final version of this report alongside. It we do not consider that the findings previously reported will change.

We previously reported to the Audit and Governance Committee the risk of significant weakness related to governance that we identified in respect of the 2021/22 audit year, and have undertaken detailed work in this area. We have been discussing our findings with various stakeholders and are assessing further information provided to us. We intend to finalise our draft reporting with stakeholders shortly and currently plan to report our findings to the Audit and Governance Committee scheduled November 2023.

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# Sector Update

Authorities continue to try to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

A teal rectangular button with the text "Public Sector" in white, sans-serif font, centered within the button.

Public Sector

A dark purple rectangular button with the text "Local government" in white, sans-serif font, centered within the button.

Local  
government

# Delayed publication of audited local authority accounts

In December 2022 there were over 600 local audit opinions outstanding. This means that many stakeholders can't rely on audited accounts to inform decision making – a significant risk for governance and control.

Local authority accounts are becoming increasingly complex as accounting standards evolve and local authorities enter more and more innovative financing arrangements and income generation projects. A significant challenge in managing local audits is the differing needs of various stakeholders. The local government sector, central government and regulators need to agree on the purpose of local audit and find a consensus on improving efficiency in publishing accounts. Grant Thornton has produced a report that explore the reasons for delayed publication of audited local authority accounts.

Table 1 below illustrates the declining performance against the target date for publication of audited accounts in recent years.

**Table 1 Audited accounts published by target date over the last six years**

Financial year	Deadline for publication of unaudited accounts	Target date for publication of audited accounts	% audited accounts published by target date (all firms average)	% audited accounts published by target date (Grant Thornton audits)
2016/17	30 June 2017	30 September 2017	95	97
2017/18	31 May 2018	31 July 2018	87	91
2018/19	31 May 2019	31 July 2019	58	65
2019/20	1 September 2020	30 November 2020	45	54
2020/21	1 August 2021	30 September 2021	9	12
2021/22	1 August 2022	30 November 2022	12	20

## About time?

Exploring the reasons for delayed publication of audited local authority accounts

March 2023



# Delayed publication of audited local authority accounts

What more can be done?

All key stakeholders in the local audit system will need to continue their efforts to secure improvement and a return to high levels of compliance with timely publication of audited accounts. The report explores several of the causes of delay and steps which might be taken to reduce the incidence of delays.

These steps relate to systems leadership, holding both authorities and auditors to account for their performance, a continued focus on the quality of accounts preparation and audit, and the effective engagement between auditors and audited bodies.

The report makes 20 recommendations for improving timeliness in publishing audited accounts.

The report also sets out a checklist which management and the audit committee should consider. The report recommends DLUHC, CIPFA or the FRC set out expectations for the system as a whole.

[Click here for full report](#)

## About time?

Exploring the reasons for delayed publication of audited local authority accounts

March 2023





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# Proposals to help address Local Authority audit delays

In July 2023 a letter was circulated to Local Authority Chief Executives, Local Authority Leaders and Chief Financial Officers in England, and Local Audit Firm Partners setting out work undertaken by DLUHC and Financial Reporting Council colleagues to address the significant backlog in audits. The letter noted that at the time of writing, just 27% of audits of the 2021/22 financial year had been completed across Local Government (including Police).

The letter sets out a summary of proposals. These would require legislation in order to enact them and until such legislation is issued, and the letter notes that it is hoped arrangements would be in place to allow implementation from December 2023. The proposals include:

## **Introduction of statutory deadlines for accounts and audits, dating back to 2015/16 (“backstop”)**

This would require auditors, where accounts and / or audits are not available or complete, to issue qualified opinions by set deadlines. The dates have not been confirmed, and as such we cannot yet determine if this will impact East Devon District Council.

## **Changes to NAO Code of Audit Practice**

Consideration is being made to the level of audit work required on certain balances – namely the net defined benefit pension liability and non-investment property and land assets. Should these changes be made, it is expected to reduce the level of audit work required on these balances. Your financial statements would still need to comply with the CIPFA Code for reporting these balances. Until any changes are confirmed, we will continue to audit to the current requirements and expectations of the Code and our regulators.





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Report to: Audit and Governance Committee



Date of Meeting 21 September 2023

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

## Financial Monitoring report 2023/24 – Month 4 July 2023

### Report summary:

The following report was presented to Cabinet on 6 September 2023.

The report is presented to Audit & Governance Committee to inform the Committee of the financial position for month 4 July 2023 and to note any recommendations to Council.

### Is the proposed decision in accordance with:

Budget Yes  No

Policy Framework Yes  No

### Recommendation:

1. To note the Financial Monitoring month 4 July 2023 position and the recommendations to Cabinet on 6 September 2023.

### Reason for recommendation:

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

Officer: John Symes – Finance Manager, [jsymes@eastdevn.gov.uk](mailto:jsymes@eastdevn.gov.uk), 01395 517413

Portfolio(s) (check which apply):

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

**Equalities impact** Low Impact

**Climate change** Low Impact

**Risk:** Low Risk;

**Links to background information** [Agenda for Cabinet on Wednesday, 6th September, 2023, 6.00 pm - East Devon](#)

**Link to [Council Plan](#)**

Priorities (check which apply)

- Better homes and communities for all
  - A greener East Devon
  - A resilient economy
- 

**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.

<b>Audit and Governance Committee</b>
<b>21 September 2023</b>

<b>Audit and Governance Committee</b>		
<b>Forward Plan 2023/24</b>		
<b>Date of Committee</b>	<b>Report</b>	<b>Lead Officer</b>
23 November 2023	<ul style="list-style-type: none"> <li>• Internal Audit Plan Progress (2023/24)</li> <li>• EDDC Audit Plan 2022/23</li> <li>• Partnership Review 2023</li>   <li>• Strata Annual Internal Audit report</li>   <li>• Statement of Accounts</li> </ul>	SWAP Grant Thornton Management Information Officer DAP  Director Finance
18 January 2024	<ul style="list-style-type: none"> <li>• Internal Audit Activity – Quarter 3 2022/23</li> <li>• Audit Committee update</li> </ul>	SWAP Grant Thornton
21 March 2024	<ul style="list-style-type: none"> <li>• Annual Audit Plan 2024/25 and Review of Internal Audit Charter</li> <li>• Internal Audit Plan Progress</li>   <li>• Auditor’s Annual Report</li> <li>• Audit Findings Report</li> <li>• External Audit Plan</li> <li>• Audit Committee update</li>   <li>• Risk Management review – half year review</li>   <li>• Accounting Policies Approval</li>   <li>• Statement of Accounts including Governance Statement</li> </ul>	SWAP  Grant Thornton  Management Information Officer  Financial Services Manager  Director Finance