

Agenda for Audit and Governance Committee Thursday, 20th November, 2025, 2.30 pm

Members of Audit and Governance Committee

Councillors: R Wood, I Barlow, K Bloxham, C Brown, C Burhop (Chair), R Collins, O Davey (Vice-Chair), C Fitzgerald, M Goodman, F King and Y Levine

Venue: Council Chamber, Blackdown House

Contact: Amanda Coombes;

01395 517543; email acoombes@eastdevon.gov.uk

(or group number 01395 517546)

Wednesday, 12 November 2025



East Devon District Council
Blackdown House
Border Road
Heathpark Industrial Estate
Honiton
EX14 1EJ

DX 48808 HONITON

Tel: 01404 515616

www.eastdevon.gov.uk

1 Minutes of the previous meeting (Pages 3 - 5)

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 is one item which officers recommend should be dealt with in this way.

Matters for Decision

7 **Internal Audit Activity Progress Report – Quarter 2 2025/26** (Pages 6 - 25)

8 **External Audit Progress report and sector updates** (Pages 26 - 56)

9 **Strata Annual Internal Audit report 2024/25 - DAP** (Pages 57 - 67)

10 **Partnership Register annual review** (Pages 68 - 71)

11 **Audit and Governance Forward Plan** (Page 72)

12 Local Government (Access to Information) Act 1985 - Exclusion of Press and Public

The Vice-Chair to move the following:

“that under Section 100(A) (4) of the Local Government Act 1972 the public (including the press) be excluded from the meeting as exempt information, of the description set out on the agenda, is likely to be disclosed and on balance the public interest is in discussing this item in private session (Part B)”.

Part B Matters for Decision

13 Review of confidential internal audit reports - verbal update

Under the Openness of Local Government Bodies Regulations 2014, any members of the public are now allowed to take photographs, film and audio record the proceedings and report on all public meetings (including on social media). No prior notification is needed but it would be helpful if you could let the democratic services team know you plan to film or record so that any necessary arrangements can be made to provide reasonable facilities for you to report on meetings. This permission does not extend to private meetings or parts of meetings which are not open to the public. You should take all recording and photography equipment with you if a public meeting moves into a session which is not open to the public.

If you are recording the meeting, you are asked to act in a reasonable manner and not disrupt the conduct of meetings for example by using intrusive lighting, flash photography or asking people to repeat statements for the benefit of the recording. You may not make an oral commentary during the meeting. The Chairman has the power to control public recording and/or reporting so it does not disrupt the meeting.

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 Council Chamber, Blackdown House on 18 September 2025

Attendance list at end of document

The meeting started at 1.40 pm and ended at 2.56 pm

13 Minutes of the previous meeting

The minutes of the Audit and Governance Committee held on 24 July 2025 were confirmed as a true record. The Chair gave an update to the actions taken from the minutes and thanked the Finance Manager for the accounts training given to the Committee.

14 Declarations on interest

There were no declarations of interests.

15 Public speaking

There were no members of the public registered to speak.

16 Matters of urgency

There were no matters of urgency.

17 Confidential/exempt item(s)

There were no confidential or exempt items.

18 Internal Audit Plan 2025-26 - SWAP

The Chair welcomed Rich Clark the CEO of SWAP to the meeting.

Connor McLaughlin Nester - Principal Auditor, SWAP, presented the report stating that SWAP Internal Audit Services had prepared the proposed Internal Audit Plan for Half 2 of 2025/26 (1 October 2025 to 31 March 2026). SWAP now required formal approval from the Audit and Governance Committee to proceed with the Plan.

The Chair reminded Committee members as well as non-committee members that they could contribute to the future direction of the Internal Audit Plan with what they think the Committee should be looking at.

RESOLVED:

That the 2025/26 Half 2 Internal Audit Plan be noted.

19 Internal Audit Activity Progress report

Connor McLaughlin Nester – Principal Auditor, SWAP, presented the report which outlined their progress in delivering the 2025/26 Half 1 Internal Audit Plan and provided a summary of outstanding internal audit actions as of 29 August 2025.

During discussion concern was raised to any audit actions over 12 months old that were still outstanding.

The CEO SWAP informed the Committee that he was also the Local Government representative on the Internal Audit Standards Board. He stated there was a specific obligation for heads of audit to highlight to organisations that were exposed to unacceptable risks, either an overdue action or also in the aggregate e.g. the number, volume or interaction risks were creating. This was not the position for EDDC in the report presented. The overdue actions presented; either individually or in the aggregate, were not exposing the Council to an unacceptable level of risk by SWAP's estimation.

A summary of the Supplier Reconciliation audit was received. The Chair was surprised the Council had not been undertaking credit checks on suppliers. It was noted that checks would be undertaken on a regular basis to the financial viability of key suppliers to identify any potential risks.

RESOLVED:

That the progress against the 2025/26 Internal Audit Plan as of 29 August 2025 and the findings reported be noted.

20 **External Auditor's Annual Report Year ending 31 March 2025**

Grant Thornton's Key Audit Partner Peter Barber and Joanne Taylor, Senior Manager for Value for Money presented the Interim External Auditor's Annual Report Year ending 31 March 2025. In summary, their work had identified a continued positive direction of travel during 2024/25, with the Council making further progress since last year in strengthening Value for Money arrangements. Whilst stakeholders could take assurance from these improvements further work was required to develop fully effective arrangements.

The Chair stated that this report as well as the report from SWAP gave external confirmation of the progress that the Council was making to its financial performance to which he found assuring.

RESOLVED:

That the External Auditor's Annual Report Year ending 31 March 2025 be noted.

21 **External Audit Accounts 2024/25 - Finance Manager and Grant Thornton verbal update**

The Finance Manager EDDC and Peter Barber from Grant Thornton gave a verbal update. Both were positive to the work ongoing and hitting priority dates and continuing to work for preparation to the audit requests to hit the deadline of 29 September 2025. Peter Barber stated the aspiration was for all work required to give an opinion for 2024/25 accounts, being completed by the external deadline of 27th February 2026.

22 **Audit and Governance Forward Plan**

Audit and Governance Committee Forward Plan items to be considered at the next committee included:

- Internal Audit Plan Progress report 2025/26
- External Audit Progress report and Sector update
- Financial Monitoring report update 2025/26 and Treasury Position Review
- External Audit Accounts 2024/25 verbal update
- Partnership Review 2024
- Annual Report - Delivery Plan for Fraud, Corruption & Compliance Strategy
- Strata Annual Internal Audit report 2024/25
- Review of confidential internal audit reports (to be in Part B)

Attendance List

Councillors present:

I Barlow
C Brown
C Burhop (Chair)
R Collins
O Davey (Vice-Chair)
C Fitzgerald
Y Levine

Councillors also present (for some or all the meeting)

B Bailey

Officers in attendance:

Robert Wood, Independent Person
Amanda Coombes, Democratic Services Officer
Peter Barber, Grant Thornton
Simon Davey, Director of Finance
Connor McLaughlin Nester, Principal Auditor
John Symes, Finance Manager
Melanie Wellman, Director of Governance (Monitoring Officer)
Rich Clark, CEO SWAP
Joanne Taylor, Grant Thornton

Councillor apologies:

K Bloxham
F King

Chair

Date:

Report to: **Audit and Governance Committee**

Date of Meeting 20 November 2025

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A



Internal Audit Activity Progress Report – Quarter 2 2025/26

Report summary:

This report outlines our progress in delivering the 2025/26 Internal Audit Plan and provides a summary of outstanding internal audit actions as of 24 October 2025.

Is the proposed decision in accordance with:

Budget Yes ☒ No ☐

Policy Framework Yes ☒ No ☐

Recommendation:

The Audit and Governance Committee should note our progress against the 2025/26 Internal Audit Plan as of 24 October 2025, and the findings reported.

Reason for recommendation:

The Audit and Governance Committee is responsible for overseeing delivery of the Internal Audit Plan.

Officer: Lisa Fryer, Assistant Director, SWAP Internal Audit Services – lisa.fryer@swapaudit.co.uk

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 N/A

Link to [Council Plan](#)

Priorities (check which apply)

- ☒ A supported and engaged community
- ☒ Carbon neutrality and ecological recovery

- ☒ Resilient economy that supports local business
- ☒ Financially secure and improving quality of services

East Devon District Council

Report of Internal Audit Activity

Progress Report – Quarter 2 2025/26

Internal Audit – October 2025: ‘At a Glance’

The Headlines



Reviews completed in the period:

- Five reviews (one assurance, three follow-up and one advisory) have been finalised.



2025/26 Internal Audit Plan Progress:

- Five reviews have been finalised.
- Two audits are at reporting stage, six are in progress and one is being scoped.
- 54% of planned reviews have either started or been completed.



High Organisational Risks identified:

- We have not identified any High Organisational Risks since our last progress report.



Action plan monitoring:

- We monitor the council's implementation of agreed management actions through our audit management system.
- The council has 82 active agreed management actions, compared to 93 in our last report.



Internal Audit Plan changes:

- We have not made any changes to the Plan in this period.



Innovations and enhancements made to our internal audit process throughout the year:

- Officers responsible for management actions now receive a monthly email highlighting any actions that are overdue or that have a timescale falling in the next 30 days. This is prompting officers to provide updates on AuditBoard.

Internal Audit Assurance Opinions 2025/26

	Oct	YTD
Substantial	0	0
Reasonable	1	2
Limited	0	1
No Assurance	0	0
Follow Up	3	3
Advisory & Other	1	2
Total	5	8

Internal Audit Agreed Actions 2025/26

	Oct	YTD
Priority 1	0	0
Priority 2	2	8
Priority 3	3	7
Total	5	15

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

Rich Clarke
Chief Executive Officer
rich.clarke@swapaudit.co.uk



Introduction

The Audit and Governance Committee approved the 2025/26 Internal Audit Plan in two phases: the Half 1 Plan in March 2025 and the Half 2 Plan in September 2025. This report outlines our progress against the combined Plan.

Appendix E provides a summary of our progress as of **24 October 2025**, including any newly commissioned audits added since our last update to the Committee.

Each completed audit includes:

- Its assurance opinion rating, based on the SWAP Audit Framework Definitions (see **Appendix A**).
- The number and priority level of actions agreed with management.

To support the Committee's monitoring and scrutiny role:

- **Appendix B** summarises key findings from audits with No or Limited assurance ratings.
- This report highlights new No or Limited assurance audits since the last update.

We conduct follow-up audits for all No or Limited assurance audits assessed as being a medium or high organisational risk. Follow-up audits assess whether agreed actions have been implemented. **Appendix C** summarises outcomes from completed follow-ups. Three follow-up audits have been finalised since the last Committee report.

It is essential that officers implement the agreed actions set out in our reports. We conduct regular action tracking to provide assurance to the Committee. **Appendix D** sets out the council's current position, including details of any overdue management actions. There has been an improvement in the council's position since our last report.

Any findings assessed as posing a high organisational risk are summarised separately. No such risks were identified during this reporting period.

Internal Audit Progress 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.

The internal audit plan agreed is based on our risk-based approach to help ensure that resources are focused where internal audit can offer the most value and insight. A key source of information is the Council's strategic risk register.



Strategic Risk Coverage

The table below maps our completed and planned audits against the council's strategic risks. As the year progresses and additional audits are completed, coverage across key risk areas will increase. Planned Coverage includes audits that are either in progress or yet to commence. Where a strategic risk is not linked to a specific audit, it may still be addressed through our action tracking process (see Appendix D).

Strategic Risk	Completed Coverage	Planned Coverage
Devolution and Local Government Review		
Adequacy of financial resource planning to deliver the Council's priorities	Fraud eLearning, Fraud Risk Assessment, Budget Monitoring	Fees and Charges, Bank Reconciliation, Creditors
Adequate emergency planning and business continuity		
Business failure of a major contractor or significant partner	Supplier Resilience	Contract Management
Climate Change targets not achieved		Biodiversity Net Gain
Ensure robust decision making	Development Management	Ethical Governance Follow Up, Risk Management
Failure to adequately protect staff health and safety at work		Corporate Health & Safety
Failure to ensure that our corporate property portfolio is fully compliant with legal requirements		
Failure to ensure the delivery of the Council Plan		Community Safety, Asset Transfer
HRA budget issues		Damp & Mould, Fire Safety
Impact of the economic situation on our residents		
Increasing homelessness		
Recruitment and retention issues		Agency Staff and Consultants (IR35) Follow Up
Risk of significant data breach or significant non-compliance with relevant legislation		
Risks in Partnership working	Strategic Partnerships Follow Up	
Maintaining positive relationships		
Poor data retention		

Internal Audit Progress Update

Given a risk-based approach is followed, it is important to demonstrate that agreed actions are implemented to reduce risks reported.



Monitoring Implementation of Agreed Actions

It is essential that the council addresses the issues identified in our audit reports. To provide the Audit and Governance Committee with assurance that this is happening, we conduct regular action tracking.

The council's current position is summarised in **Appendix D**, which primarily reflects actions agreed from audits conducted in 2023/24 and 2024/25, with a small number of outstanding actions from earlier periods. These will continue to be monitored until completion.

We acknowledge that implementation timelines may shift, and revised target dates are sometimes necessary. **Appendix D** confirms the number and proportion of actions with updated timescales.

Appendix D also includes a breakdown of action status by audit and the details of and latest available progress updates for overdue actions.

We conduct follow-up audits for all No or Limited assurance audits assessed as medium or high organisational risk. These reviews assess whether the council has implemented the agreed actions.

Where follow-up audits identify outstanding actions, we continue to monitor them. Once the action owner confirms completion, we request supporting evidence before formally closing the action in our monitoring records.

Internal Audit Progress Update

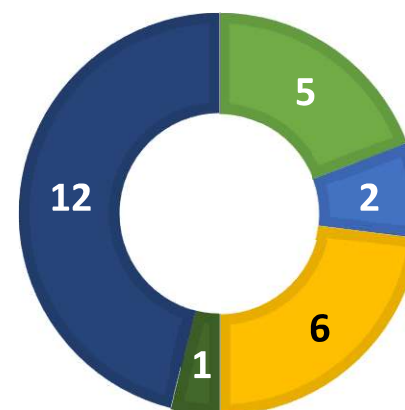
We need adequate audit coverage to provide our annual opinion.



Year to Date Progress

2025/26 INTERNAL AUDIT PLAN PROGRESS

■ Complete ■ Reporting ■ Fieldwork ■ Scoping ■ Planned



The chart above summarises progress against the 2025/26 Internal Audit Plan, which now comprises 26 reviews following earlier amendments and the Audit and Governance Committee's approval of the H2 Plan.

As of 24 October 2025, we have completed five audits (19%), two audits (8%) are at reporting stage, fieldwork is in progress on six audits (23%), and we are scoping one audit (4%). This means that 54% of the Plan has either been started or completed.

Please note that the chart does not include four reviews that were originally part of the 2024/25 Internal Audit Plan.

Appendix A: SWAP Audit Framework and Definitions

Audit Assurance Definitions

No	The review identified fundamental gaps, weaknesses, or non-compliance, which require immediate action. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
Limited	The review identified significant gaps, weaknesses, or instances of non-compliance. The system of governance, risk management and control requires improvement to effectively manage risks to the achievement of objectives in the area audited.
Reasonable	The review highlighted a generally sound system of governance, risk management and control in place. We identified some issues, non-compliance or scope for improvement which may put at risk the achievement of objectives in the area audited.
Substantial	The review confirmed a sound system of governance, risk management and control, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Organisational Risk Assessment Definitions

page 14

Assessment	Organisational Risk & Reporting Implications
High	Our audit work includes areas that we consider have a high organisational risk and potential significant impact. Both senior management and the Audit Committee should consider key audit conclusions and resulting outcomes.
Medium	Our audit work includes areas that we consider have a medium organisational risk and potential impact. The key audit conclusions and resulting outcomes warrant further discussion and attention at senior management level.
Low	Our audit work includes areas that we consider have a low organisational risk and potential impact. We believe the key audit conclusions and any resulting outcomes still merit attention but could be addressed by service management in their area of responsibility.

Categorisation of Actions

In addition to the organisational risk assessment it is important to know how important the individual management actions are. Each action has been given a priority rating 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.

Appendix B: No and Limited Assurance Audits

There are no No or Limited assurance audits to highlight in this report.

Appendix C: Follow-up Audits

Strategic Partnerships Follow Up – Final Report – September 2025



Follow Up Audit Objective

To provide assurance that management has implemented agreed actions to mitigate the risk exposures found in the 2023/24 Strategic Partnership audit.

Follow Up Progress Summary						Follow Up Assessment
Priority	Complete	In Progress	Not Started	Not Agreed	Summary	<p>We conducted a Strategic Partnerships audit in 2023/24 to review the governance framework for partnerships, and to determine whether there were effective controls to manage the activities of partnerships to support delivery of the council's own corporate and partnership objectives. We found 7 weaknesses and provided Limited assurance.</p> <p>In this follow up review, we have found that 6 of the 7 agreed actions have been completed. Our key findings are summarised below.</p>
Priority 1	1	0	0	0	1	
Priority 2	3	1	0	1	5	
Priority 3	1	0	0	0	1	
Total	6	1	0	0	7	

Key Findings

	<p>Since the original audit, the council has:</p> <ul style="list-style-type: none"> Adapted an example Partnership Policy to fit in with the council's requirements and published it on the council's intranet. Created a model partnership agreement to accompany the Partnership Policy. Included further columns on the Partnership Register so that additional information can be captured, including the type of partnership, how it links to the council's priorities and whether there are any statutory review requirements.
	<p>Further action is needed to:</p> <ul style="list-style-type: none"> Ensure officers are completing the Partnership Register in terms of both recording any new partnerships and supplying all of the required information for existing partnerships. Ensure annual partnership performance self-assessments are completed for all partnerships. Present the annual partnership review to Members in a timelier manner. The last annual review presented in March 2024 covered 2022/23. There was no report for 2023/24, and the 2024/25 report has been delayed several times. The 2024/25 report is now expected to be presented in November 2025.

Further Information

We have performed testing and reviewed supporting evidence to confirm the council's progress in implementing all priority 1 and 2 actions. Our assessment of the priority 3 actions is based on self-assessment by the responsible officer.

Please refer to Appendix 1 for our detailed findings.

Appendix C: Follow-up Audits

Establishment Control Follow Up Report – September 2025



Follow Up Audit Objective

To provide assurance that management has implemented agreed actions to mitigate the risk exposures found in the 2023/24 Establishment Control audit.

Follow Up Progress Summary

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

Follow Up Assessment

We conducted an Establishment Control audit in 2023/24 to assess the council's management of its staffing establishment and the resulting financial impact of any changes to the establishment. We found seven weaknesses and provided **Limited assurance**.

In this follow up review, we have found that all the agreed actions have been completed. Our key findings are summarised below.

Key Findings

Since the original audit, the council has:

- Updated the Constitution to include a definition for the role of Budget Manager.
- Updated the Authority to Recruit Form (ATR) so that it includes the requirement that:
 - All increases to the establishment must be approved by the Executive Leadership Team.
 - The HR Business Partner and Accountant must have been consulted on the ATR form before it is submitted.
 - Part A of the ATR form must be completed by the recruiting manager in conjunction with the relevant HR Business Partner.
 - The manager must set out the Total Cost of Employment, i.e., the sum of annual salary, annual market supplement plus 35% to cover Employer pension and NI costs.
- Updated the Pay and Reward Policy to specify that the Executive Leadership Team must also approve honorarium requests.
- Introduced structure charts within iTrent to allow managers to easily verify that their team structure is accurate.
- Introduced the requirement for managers to complete new starter forms for agency staff.
- Ensured the Budget Book for 2025/2026 includes the FTE funded through the Housing Revenue Account (HRA).
- Introduced a standardised declaration form for managers to complete when verifying their staffing establishment.

Further Information

We have performed testing and reviewed supporting evidence to confirm the council's progress in implementing all priority 1 and 2 actions. Our assessment of the priority 3 actions is based on self-assessment by the responsible officer.

Please refer to Appendix 1 for our detailed findings.

Appendix C: Follow-up Audits

Volunteer Management Follow Up – Final Report – October 2025



Follow Up Audit Objective

To provide assurance that management has implemented agreed actions to mitigate the risk exposures found in the 2023/24 Volunteer Management audit.

Follow Up Progress Summary

Priority	Complete	In Progress	Not Started	Not Agreed	Summary
Priority 1	1	0	0	0	1
Priority 2	6	0	0	0	6
Priority 3	1	0	0	0	1
Total	8	0	0	0	8

Follow Up Assessment

We conducted a Volunteer Management audit in 2023/24 to assess the effectiveness of the control framework in place for managing volunteers in the Countryside and Gallery services. We found eight weaknesses and provided **Limited** assurance.

In this follow up review, we have found that all of the agreed actions have been completed. Our key findings are summarised below.

Key Findings



Since the original audit, the council has:

- Updated the Use of Volunteers policy which has been approved by the Personnel Committee and shared with staff
- Updated the supervisor checklist and engagement letters for volunteers to include specific requirements in relation to Health and Safety
- Provided DBS guidance and a flowchart to ensure assessments are undertaken for all volunteers
- Updated the Volunteer Induction Checklist to ensure all volunteers are provided with information on relevant policies and procedures, including health and safety
- Conducted risk assessments for the Discovery Hut
- Provided evidence that volunteers receive regular supervision which is documented
- Included supervision and performance management arrangements for volunteers within the updated Use of Volunteers Policy

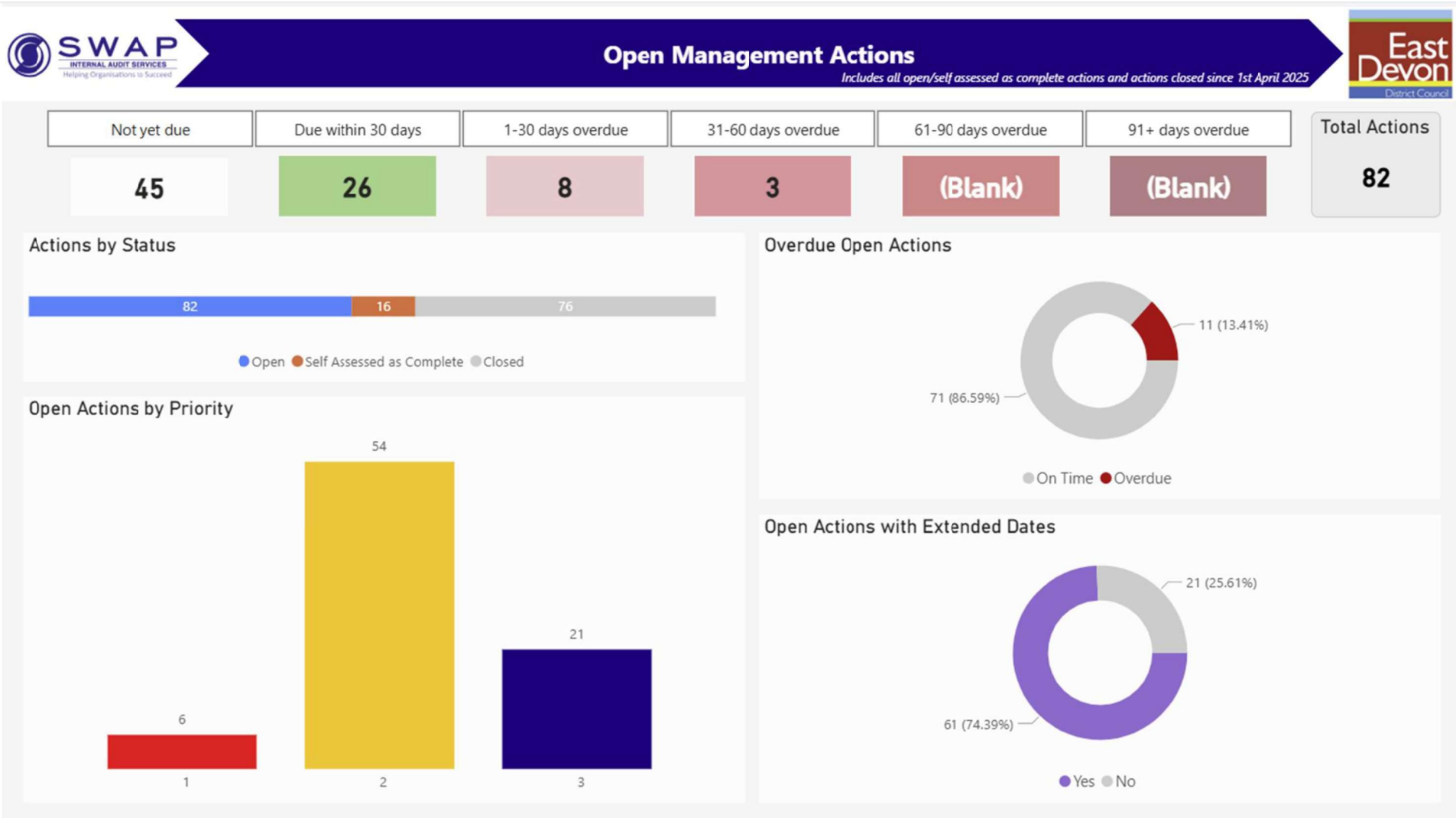
Further Information

We have performed testing and reviewed supporting evidence to confirm the council's progress in implementing all priority 1 and 2 actions. Our assessment of the priority 3 actions is based on self-assessment by the responsible officer.

Please refer to Appendix 1 for our detailed findings.

Appendix D: Monitoring of Agreed Actions

The dashboard below summarises the council’s position as of **24 October 2025**. There are 82 open management actions, compared to 93 in our last Committee report. Our records show that the council has completed 76 actions since the start of 2025/26. 16 actions have been self-assessed as complete and are awaiting follow up.



Appendix D: Monitoring of Agreed Actions

The table below summarises the status of actions by audit as of **24 October 2025**. Please note this table only includes audits with at least one open action. Committee Members can access a separate report that includes the full detail of open Priority 1 and Priority 2 actions, and the latest progress update we have received, via the **Modgov Councillor Library**.

ID	Audit Title	Audit Opinion	Period	Open Actions			Self-Assessed Complete	Closed	Total Actions
				On Time	Overdue	Total			
1347	Out of Hours Schemes	Limited	2022/23	1	1	2		3	5
2087	Climate Change	Reasonable	2022/23	3		3		1	4
1518	Information Governance	Limited	2023/24	7	1	8	2	3	13
1566	Housing Whistleblowing Concerns Follow Up	Advisory	2023/24	2		2		1	3
1838	Strategic Partnerships	Limited	2023/24	1		1		6	7
1839	Performance Management	Limited	2023/24	5	1	6	1		7
2662	Housing Electrical Safety	Limited	2023/24	1		1	4	4	9
2746	Procurement Cards	Limited	2024/25	2		2		8	10
2748	Corporate Property Health & Safety	Reasonable	2024/25		1	1		4	5
2753	Treasury Management	Reasonable	2024/25	1		1		5	6
2754	Supplier Resilience	Limited	2024/25	5		5		1	6
2755	Ethical Governance	Limited	2024/25	4	2	6		4	10
2757	Temporary Accommodation	Reasonable	2024/25	4	2	6		6	12
2759	Business Continuity	Limited	2024/25	8		8		1	9
2761	Disabled Facilities Grant (DFG) Process	Reasonable	2024/25	2		2		4	6
3026	Investigation 3026	Advisory	2024/25	9		9	2	1	12
3124	Establishment System Controls	Advisory	2024/25	1		1		2	3
3271	Confidential Review 3271	Advisory	2024/25	1	3	4	5		9
3382	Housing Voids	Reasonable	2024/25	4		4	2	2	8
3384	Local Government Transparency Code	Limited	2024/25	7		7		6	13
3387	Budget Monitoring	Reasonable	2024/25	2		2		3	5
3990	Development Management	Reasonable	2025/26	1		1		3	4
				71	11	82	16	68	166

Appendix D: Monitoring of Agreed Actions

Under the Global Internal Audit Standards, when an agreed management action becomes overdue, we must obtain an explanation from the action owner and document this. Our audit management software, AuditBoard, automatically notifies officers when an action they own is due in the next 30 day or becomes overdue.

As of **24 October 2025**, there are 11 total overdue actions, broken down as follows:

Priority	Overdue Actions
Priority 1	1
Priority 2	6
Priority 3	4
Total	10

The following tables set out the Priority 1 and Priority 2 actions that were overdue on **24 October 2025**, and the most recent update we have received. Three of the Priority 2 actions are from a confidential review and therefore are not included here.

Overdue Priority 1 Management Actions						
AP#	Audit Title	Issue and Agreed Action	Original Timescale	Current Timescale	Progress Status	Progress update
2726	Performance Management	<p><u>There is no Performance Management Framework which details how performance is to be managed and monitored across the council.</u></p> <p>We will develop the Performance Management Framework and associated guidance once we have agreed on the changes we are making to the way performance is monitored and managed across the Council.</p> <p>We will use the outcomes from the Financial Sustainability Model work and the work with the Scrutiny Chair to inform this.</p> <p>Once produced it will be presented to all responsible officers.</p>	31/03/2024	30/09/2025	Overdue	<p>October 2025:</p> <p>There have been significant delays to the InPhase system implementation, and this is now impacted further because the Performance Service Manager role is vacant. The advert for this post is currently going live. Progress continues to be slower than we would like given we are now missing a subject matter expert. We continue to work with InPhase on development of the system and are engaging with other authorities using the system to understand how it can be built to add value for EDDC. A performance framework has been drafted. Progress for this is now on hold pending recruitment of the new Performance Service Manager.</p>

Appendix D: Monitoring of Agreed Actions

Overdue Priority 2 Management Actions

AP#	Audit Title	Issue and Agreed Action	Original Timescale	Current Timescale	Progress Status	Progress update
4822	Ethical Governance	<u>There is no process to ensure staff complete annual declarations of interest and return these to Democratic Services.</u> The Director of Governance to review process including mechanism for recording and monitoring completion of annual declaration form.	31/01/2025	30/09/2025	Overdue	June 2025: We are now looking at whether we can develop a process to capture officer declarations via the Intranet.
4824	Ethical Governance	<u>There is no official process or form for staff to declare receipt of gifts or hospitality, and staff are not reminded to make declarations.</u> Director of Governance to review process including mechanism for recording and monitoring completion and ensuring regular reminders communicated to staff.	31/01/2025	30/09/2025	Overdue	July 2025: Regular reminders are now going in Stay Connected – the staff newsletter. In addition, we are currently reviewing the Form so that rather than having a hard copy declaration, we are looking to move to an electronic one. We are looking to complete this work by September 2025.
2622	Information Governance Policies and Compliance with Retention Policy	<u>No specific training is given on data retention to inform staff of their responsibilities.</u> With the roll out of the updated Data Retention Policy and Data Retention Schedule, this is an opportune time to remind staff of their role in ensuring records are managed in line with legislation, and operational and administrative requirements. Specific training or guidance will be arranged for those with additional responsibilities initially and then the remaining staff will receive appropriate training to ensure they are aware of their responsibilities.	31/03/2024	30/09/2025	Overdue	June 2025: Revised training will be rolled out to staff once the appropriate policies have been updated as well as the EDDC retention schedule being updated.

Appendix E: Summary of Internal Audit Work

Audit Type	Audit	Status	Assurance Opinion	Organisational Risk Assessment	Total Actions	1 = Major	↔	3 = Low
						Priority Rating		
						1	2	3
2024/25 Internal Audit Plan								
Assurance	Supplier Resilience	Complete	Limited	Medium	6	0	5	1
Follow Up	Strategic Partnerships	Complete	Follow Up	N/A	0	0	0	0
Assurance	Budget Monitoring	Complete	Reasonable	Low	5	0	2	3
Other	Investigation 3852	Reporting						
2025/26 Internal Audit Plan								
Complete								
Assurance	Development Management – Compliance with the Scheme of Delegation	Complete	Reasonable	Low	4	0	1	3
Other	Fraud eLearning Module	Complete	N/A	N/A	0	0	0	0
Follow Up	Establishment Control	Complete	Follow Up	N/A	0	0	0	0
Follow Up	Volunteer Management	Complete	Follow Up	N/A	0	0	0	0
Advisory	Fraud Risk Assessment	Complete	N/A	N/A	0	0	0	0
Reporting								
Assurance	Corporate Health and Safety	Reporting						
Assurance	Contract Management	Reporting						
Fieldwork								
Follow Up	Agency Staff and Consultants (IR35) Follow Up	Fieldwork						

Appendix E: Summary of Internal Audit Work

Audit Type	Audit	Status	Assurance Opinion	Organisational Risk Assessment	Total Actions	1 = Major	↔	3 = Low
						Priority Rating		
						1	2	3
Assurance	Fees and Charges	Fieldwork						
Follow Up	Housing Electrical Safety Follow Up	Fieldwork						
Assurance	Housing Landlord Compliance - Fire Safety	Fieldwork						
Assurance	Community Infrastructure Levy	Fieldwork						
Follow Up	Procurement Cards	Fieldwork						
Scoping								
Assurance	Community Safety and Anti-Social Behaviour (ASB)	Scoping						
Planned								
Assurance	Bank Reconciliation	Planned						
Assurance	Biodiversity Net Gain	Planned						
Assurance	Community Asset Transfers	Planned						
Assurance	Creditors	Planned						
Follow Up	Ethical Governance	Planned						
Follow Up	Fraud Provision	Planned	Most of this time has been used to fund the eLearning Module and Investigation 3026 reviews.					
Assurance	Housing Landlord Compliance – Damp & Mould	Planned						
Assurance	Income Generation	Planned						
Follow Up	Investigation 3026	Planned						

Appendix E: Summary of Internal Audit Work

Audit Type	Audit	Status	Assurance Opinion	Organisational Risk Assessment	Total Actions	1 = Major	↔	3 = Low
						Priority Rating		
						1	2	3
Follow Up	Out of Hours Schemes	Planned						
Follow Up	Performance Management	Planned						
Assurance	Risk Management	Planned						
Deferred and Removed								
Assurance	Pest Control Service	Deferred	Replaced by Corporate Health & Safety.					
Assurance	Finance Provision	Removed	Confirmed not needed. Time used to fund an additional Half 2 audit.					

Committee Members can access full versions of our audit reports via the **Modgov Councillor Library**.

East Devon District Council

2024/25

Audit progress report and sector updates

10 November 2025

Agenda

Audit progress report	03
Introduction	04
Progress at 10 November 2025	05
Audit deliverables	07
Appendix A: Sector updates	09
Appendix B: Detailed status audit update	24
Appendix C: Audit Committee Resources	29

page 27

Audit Progress Report

Introduction



Peter Barber

Engagement Lead

T 0117 305 7897

E Peter.A.Barber@uk.gt.com

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

The paper also includes a series of sector updates in respect of emerging issues which the Committee may wish to consider.

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/industries/public-sector/local-government/>

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.



Gail Turner-Radcliffe

Engagement Manager

T 029 2034 7546

E Gail.Turner-Radcliffe@uk.gt.com



Shashank Agrawal

Assistant Manager

T: 0114 255 3371

E:Shashank.Agrawal@uk.gt.com

Progress at 10 November 2025

Financial Statements Audit

As reported to previous meetings of the Audit and Governance Committee we have worked with finance officers during the April to September 2025 period to prepare for our post-statements visit and to ensure we could hit the ground running.

The post-statements fieldwork element of the audit commenced on 29 September 2025 in accordance with our agreed timetable. At the time of drafting this update we are five weeks into this audit and note a step change in the Council's commitment to supporting the audit process. Particular early wins include:

- Bank reconciliation – we were unable to gain assurance over the closing balance as at 31 March 2024 due to the Council not being able to provide a listing of and justification for the reconciling items. As at 31 March 2025, we have been presented with working papers that show details of the closing balance as well as the reconciling items and we have selected a sample of these to test. Subject to satisfactory responses to this queries we hope to be able to conclude that this represents a fully reconciled year end bank position.
- Reconciliation of Trial Balance to Financial Statements at 31 March 2025– this has given us assurance that the Financial Statements are a true representation of the values included within the financial ledgers.
- Working papers and reconciliations – we can see an improvement in the presentation of working paper and reconciliations which has allowed us to progress certain audit areas further, including sample selection, than we were unable to do in previous years.
- Sampling – we have sampled a number of audit areas and have started to receive evidence to test, which is an improvement on prior year whereby listings for sampling could not be provided by Management in a number of areas.

We recognise that a normal audit requires significant amount of work on the part of the Council to support the disclosures. This is compounded when the Council has not had a full audit in prior years, as is the case at East Devon.

Whilst the improvements achieved to date are encouraging, we are currently slightly behind our ambitious target of completing by the end of December 2025. This slippage is primarily due to the additional time needed this year to obtain the right evidence first time and reflects the raising of the bar in terms of audit evidence introduced over recent years.

The working paper requests to support the post-statements audit were uploaded to Inflo (our data sharing portal) in March 2025 as requested by Officers. At the time of drafting this report some of these remain outstanding. We are continuing to chase Management for the remaining requests, which will become more critical in the next couple of week giving the increased size of the audit team.

A detailed query log and sample tracker is discussed with Management on a weekly basis in order to ensure that any slippage is identified and discussed with resolution being as early as possible.

We will continue to work with finance officers to ensure efforts are maintained and accelerated to put us in the best position to conclude this audit ahead of the 28 February 2026 backstop deadline.

A detailed update of progress against each area can be found in Appendix B of this report.

Value for Money

The draft Auditors Annual Report was presented to the Audit and Governance Committee on 18th September 2025.

Progress at 10 November 2025 (cont.)

Other areas - Certification of claims and returns

The following claims are currently in progress:

Housing Benefits

2024/25 – in progress

Pooling of capital housing receipts

2022/23 – work is in progress

2023/24 – waiting for Management to provide information

2024/25 – not yet started

page 31

Events

On 4th June 2025 we hosted a webinar on devolution and local government re-organisation, and lessons from our 2023/24 value for money audits. The recording can be accessed here: [Audit committee webinar](#).

The next event taking place shortly will be:

- ❖ 27th January 2026 – webinar providing updates on managing local authority debt; and on preparing for local government reorganisation.

Invitations will be available shortly on our website or can be obtained from your Engagement Lead or Audit Manager.

Audit Fees

PSAA have published their scale fees for 2024/25 [2024/25 audit fee scale – PSAA](#)

For East Devon District Council these fees are £164,498 for the Council audit. These fees are derived from the procurement exercise carried out by PSAA in 2022. They reflect both the increased work auditors must now undertake as well as the scarcity of audit firms willing to do this work.

Audit Deliverables

Below are some of the audit deliverables planned for 2024/25

2024/25 Deliverables	Planned Date*	Status
Audit Plan We are required to issue a detailed audit plan to the Audit and Governance Committee setting out our proposed approach in order to give an opinion on the Council’s 2024/25 financial statements.	July 2025	Complete
Audit Findings Report The Audit Findings Report will be reported to the Audit and Governance Committee.	January 2026	On-going
Auditors Report This includes the opinion on your financial statements.	January 2026	On-going
Auditor’s Annual Report This report communicates the key outputs of the audit, including our commentary on the Council's value for money arrangements.	January 2026	On-going

A. Sector Updates

Lessons from 2023/24 auditors' annual reports

Recommended reading for Audit Committees:

In August 2025, we published a review of 100 Auditors' Annual Reports (AARs) produced by Grant Thornton for our local government audited bodies across England. This represents about a third of all councils in the country. The AARs offer a wealth of insights on what works, and what doesn't, when it comes to value for money and governance.

The reports in our sample showed that financial sustainability remains the major challenge for the majority of councils. Poor governance has led to some councils depleting their reserves and others incurring excessive borrowing, which current government policies around exceptional financial support and statutory override for dedicated schools grant deficits are not helping.

Common challenges for councils include gaps in risk management; high vacancy rates in internal audit; de-centralised contract management; under-supported project management; and the need for stronger, timelier data on performance. For Councils with Housing Revenue Accounts, there are also significant challenges with identifying, costing and managing high volumes of backlog repairs and maintenance work needed to meet regulatory Governance.

However, with this being the second year of reporting on lessons from AARs, we also charted notable examples of cases where arrangements have been strengthened since 2022/23, yielding benefits. As well as good practice questions and reminders, the report includes case studies showing better: Control over transformation planning; approach to internal audit; project management; key performance indicator reporting; and rightsized workforce.

AAR findings in August 2025 can be compared to those from one year earlier by accessing the two years of full reporting here:

[Lessons from 2023/24 auditors' annual reports](#)

[Lessons from recent auditor's annual reports](#)



Financial Instruments in Local Government Accounts (1)

Recommended reading for Audit Committees:

Financial instruments are contracts that give rise to a financial asset for one party and a financial liability or equity instrument for another. In local government, these include a wide range of arrangements such as cash, loans, trade receivables and payables, pooled investments, financial guarantees, and more complex instruments like derivatives or loans with embedded features.

These instruments are governed by accounting Governance and can significantly influence how a council's financial position and performance are presented in the accounts. Proper identification and treatment of these instruments are essential to ensure that financial statements reflect the true nature of the authority's financial commitments and exposures.

The accounting for financial instruments is not just a technical exercise. It has real implications for financial planning, risk management, and public accountability. Misclassification or incorrect measurement can lead to material misstatements, unexpected financial impacts, or audit challenges. Financial instruments can affect key areas such as the General Fund, usable reserves, and statutory reporting.

Ensuring that these instruments are correctly accounted for supports transparency, compliance with professional and statutory requirements, and the safeguarding of public resources.

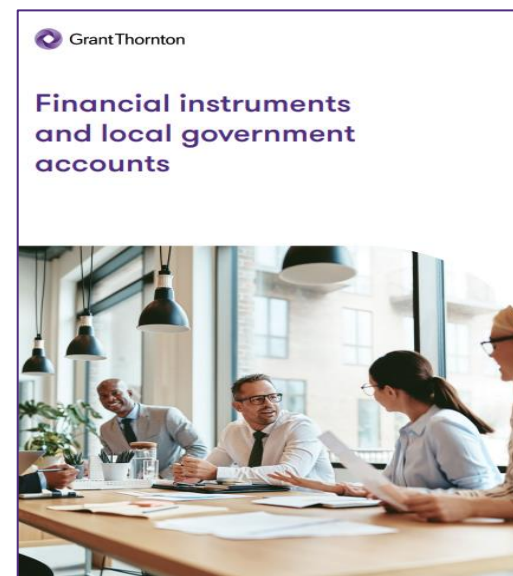
We have recently released a thought leadership report, "Local authority accounting: Avoiding pitfalls in financial instruments" which covers financial instruments in detail.

Our full report includes insight about some of the potential pitfalls relating to financial instruments that can occur in local authority accounts. In addition, each section includes a range of challenge questions for authorities to consider.

The table on the next page highlights key areas of focus in accounting for financial instruments, along with explanatory context and suggested questions that Audit Committee members may wish to raise with management.

The full report is available here:

[Local authority accounting: Avoiding pitfalls in financial instruments | Grant Thornton](#)



Financial Instruments in Local Government Accounts (2)

Key areas of focus in accounting for financial instruments, along with explanatory context and suggested questions for Audit Committees to ask:

Area of Focus	Description	Challenge Questions
Identification	Proper identification ensures that all relevant instruments are captured in the financial statements and assessed for risk and impact. While some items like loans and investments are obvious, others may be less visible.	<ul style="list-style-type: none"> How have you ensured that all financial instruments, including less obvious or complex arrangements, have been identified? What controls are in place? Have any new or unusual arrangements been reviewed for potential financial instrument implications?
Classification	Financial instruments must be classified based on how they are managed and the nature of their cash flows. Classification determines how movements are reported in the financial statements and can influence the volatility of reported results.	<ul style="list-style-type: none"> What process is followed to determine the classification of financial instruments, and how do you ensure that the classification reflects the nature of the financial instrument, including both business purpose and characteristics? Have any instruments been classified differently this year, and if so, why?
Measurement	Once identified and classified, financial instruments must be measured appropriately. Measurement affects reported balances and income, and errors can lead to misstatements.	<ul style="list-style-type: none"> What valuation methods are used for financial instruments, and how are they validated? Were any experts required during this process? Do changes in assumptions or market conditions require remeasurement?
Disclosure	Disclosures help users of the financial statements understand the nature, significance, and risks of financial instruments. Disclosures should be tailored to your specific circumstances, avoiding unnecessary complexity or boilerplate language.	<ul style="list-style-type: none"> How do you ensure that disclosures are tailored to reflect the authority's specific financial instruments and risks, and are any additional disclosures required for unusual or complex financial instruments, or for particular risks? Are disclosures complete, clear, and free from unnecessary detail?
Other Considerations	Other considerations include soft loans, capital treatment of financial assets, statutory overrides, and the requirement to make prudent revenue provisions (MRP) for certain losses. These adjustments can have a direct impact on financial planning and budget setting.	<ul style="list-style-type: none"> Have all relevant statutory overrides and adjustments been correctly applied and disclosed, and what impact have these adjustments had on the General Fund or other usable reserves? Are expected credit losses / impairments reflected in the financial strategy?

The Local Authority Backstop

Key information for Audit Committees to be aware of:

On 5th June 2025, the National Audit Office published [Local Audit Reset and Recovery Implementation Guidance \(LARRIG 06I\)](#). This followed on from the fact that on 28 February 2025, approximately 40% of local authorities received an unqualified opinion on their financial statements for 2023/24; and the remaining 60% of audits were disclaimed as auditors had not been able to conclude work by the deadline.

We are pleased to report that Grant Thornton issued unqualified opinions on 65% of our local authority audits, well ahead of the national average. Nevertheless, all Audit Committees need to be aware of work currently ongoing across the sector to help rebuild assurance for stakeholders.

How you can support us

page 37

Timely preparation of draft accounts and high quality supporting working papers is fundamental to the success of audit closedown. We look for all local authorities to prioritise this in enabling the sector to return to balance. In addition, agreeing timescales for build back work will also be key.

An audit approach to build back assurance on financial statements

The LARRIG provides principles as well as indicative procedures which, with the application of professional judgement, enable the auditor to regain assurance in respect of opening balances. These include a framework for auditors to:

- ❖ Assess risk at an entity wide level
- ❖ Assess risk at a line-item level including in respect of specific balances and reserves
- ❖ Determine a response to risk, including appropriate testing of prior year transactions.

This will enable auditors to undertake audit work in respect of old year transactions (e.g. years which were not subject to an audit). Without that work, there would be uncertainty as whether reserves are properly accounted for.

Grant Funding for build back

The first priority at all audited bodies which have previously been backstopped is to gain assurance regarding in year transactions and closing balances for the current audit year. This is the approach which we will adopt over the coming months for your audit for 2024/25.

The Council has received grant funding under a Section 31 Grant Determination to support build-back. The government has set out its expectation that local authorities and audit firms work closely together to enable this build back to happen. We are currently piloting an approach at other local authorities which is intended to remove the disclaimer from future audit reports. We will discuss with the Director of Finance how re-assurance can be best achieved at your authority, including the appropriate timing of further audit work.

Reorganisation update



Key reorganisation dates for Audit Committees to be aware of:

Key dates that Audit Committees need to be aware of for Councils other than Surrey (whose deadline was 9th May 2025) are listed below. :

page 38 **26th September 2025:** Deadline for areas in the Devolution Priority Programme to submit final proposals for reorganisation.

28th November 2025: Deadline for all other areas to submit final proposals for reorganisation.



Comments from Unison for Audit Committees be aware of, June 2025:

Reorganisation “poses a risk for thousands of local government jobs. Crucial services on which some of society’s most vulnerable people rely could also be disrupted”. The union called for workers to be protected and for the support of residents and staff to be engaged.



August 2025: [Lessons from 2023/24 auditors annual reports](#)

Among the 100 AARs we reviewed in August 2025, were eight AARs for relatively new unitary authorities formed during or since the local government reorganisation of 2019. Our report analyses recommendations made to these councils in 2023/24 for insights that will be useful to others as they embark on their reorganisation journey.



Other recommended materials to support Audit Committees:

September 2024: [Learning from the new unitary councils](#)

March 2025: [Navigating the future: The dual challenge of local Government reorganisation and devolution | Grant Thornton](#)

June 2025: [Audit committee webinar](#)

May 2025: We also directly shared a technical briefing on reorganisation with statutory officers in May 2025. Audit Committees can obtain a copy of the briefing note now from their Section 151 officer, or from their Audit Engagement Lead or Audit Manager.

Other structural changes

Key information for Audit Committees to be aware of:



Multi-year allocations – 11th June 2025

The Spending Review on 11th June 2025 committed to multi-year allocations through the upcoming 2026/27 Local Government Finance Settlement. An assessment of each council's needs and resources was also committed to.

[Spending Review 2025 \(HTML\) - GOV.UK](#)

Additional information on the Spending Review and Fair Funding Review can be seen on pages 16 and 17 of this update.



Simplified local structures – 24th June 2025

The Minister of State for Housing, Communities and Local Government announced on 24th June 2025 that Councils with a committee system will be required to transition to a leader and cabinet model. He also announced a ban on creating new directly elected council mayors.

[Written statements - Written questions, answers and statements - UK Parliament](#)



Pensions pooling – 11th August 2025

Seven Council pension funds announced plans to join the Border to Coast pool on 11th August 2025. The government has committed to allow some “limited flexibility” to other administering authorities looking for new asset pools (moving away from Access and Brunel) but does expect all to conform as closely as possible to the 31 March 2026 deadline for meeting new minimum Governance set for asset pooling.

[Pension Investment Review Final Report](#)



English Devolution and Community Empowerment

The English Devolution and Community Empowerment Bill was presented to the House of Commons and given its first reading on 10th July 2025; and its second reading on 2nd September 2025. With ayes of 365 and noes of 164 on 2nd September, the Bill now moves to Committee stage.

[English Devolution and Community Empowerment Bill](#)

Local government financial sustainability

Key information for Audit Committees to be aware of:

On 18th June 2025, the Committee of Public Accounts reported that “MHCLG has implemented short-term and unsustainable approaches to keep local government afloat”.

As evidence, the Committee reported that :

- ❖ Forty-two local authorities had to receive exceptional financial support;
- ❖ Spending on special educational needs and disabilities has outstripped the money available from the Department for Education to pay for it.

Adding to concern, the Committee also reported:

- ❖ MHCLG does not know if the billions spent delivering services locally results in better outcomes for people;
- ❖ Neither MHCLG nor HM Treasury have assessed the impact that increases in national insurance contributions will have; and
- ❖ There is significant uncertainty around how the proposed local government finance reforms and reorganisation will be implemented.

Two days later, on 20th June 2025, the government announced that the statutory override for dedicated schools grant deficits will be extended by another two years, until 31 March 2028. There is no clarity yet about how the debt associated with the grant will be managed once this new period of statutory override ends.

For wider debt burdens, the [LocalGov daily bulletin 19th August 2025](#), reported that Freedom of Information request responses from 254 councils found that:

- ❖ There has been a 60% increase in Council debt over the last sixty years; and
- ❖ Roughly a fifth of council tax revenue is being spent on payments for debt interest.

For a full copy of the Committee of Public Accounts report see [Local Government Financial Sustainability](#).



The Spending Review

Key questions for Audit Committees to ask officers:

- ❖ Have we calculated what impact the Spending Review will have on the assumptions in our medium-term financial plan?
- ❖ If the impact is negative, what mitigation is planned?

Background:

The Spending Review on 12th February 2025 did not directly address local government debt (other than that in some cases exceptional financial support increases the debt). However, the Spending Review did provide an additional £3.3 billion of grant funding in real terms for local authorities in 2028/29 compared with 2023/24. This included:

- ❖ Over £4 billion of funding available for adult social care in 2028-29 compared to 2025/26.
- ❖ £555 million to help more children stay with their families; and £560 million, between 2026/27 and 2029/30, to refurbish and expand children's homes and foster care placements.
- ❖ £39 billion for a successor to the Affordable Homes Programme over 10 years from 2026/27 to 2035/36.

- ❖ £100 million for a new community partnership approach to spending on adults with complex needs.

The Spending Review also announced a new £3.25 billion Transformation Fund to support the reform of public services so that they are focused on prevention, including for special educational needs and disability and homelessness.

The intention is that investment in digital technology and artificial intelligence transformation programmes will drive productivity improvements and help to deliver the government's missions.

[Spending Review 2025 \(HTML\) - GOV.UK](#)



Fair Funding Review 2.0

Key questions for Audit Committee to ask officers:

- ❖ What impact do we expect the Fair Funding Review to have on our medium-term financial plan?
- ❖ Have we calculated what level of support we will need from transitional arrangements?
- ❖ What mitigations are we planning if we don't receive transitional support?

Background:

Between June and August 2025, the government ran a [public Fair Funding Review consultation](#) on how it should implement Fair Funding Review 2, including on how the local government grant system should be made fairer and how transitional arrangements should work.

Under the Fair Funding Review, significant changes to the grant funding system for English local government are now expected to take effect on 1st April 2026, for the 2026/27 financial year. It is expected that grant funding will be allocated to English local authorities using a three-part system, consisting of an assessment of relative need, based on socio-economic indicators; an area costs adjustment; and a resource assessment, measuring the capacity of each council to raise council tax.

It is expected that:

- ❖ There will be no further retained business rates revenue;
- ❖ Recent spending on social care and deprivation will influence the formula; and
- ❖ There will be reduced funding for Councils with higher capacity to raise council tax.

The new methodology will apply to the Revenue Support Grant, which will also swallow up several other smaller grants that Councils currently receive.

Because the existing system has been untouched for many years, and because no new money will accompany the review, there are likely to be some very large changes to some councils' funding allocations.

The [Local Government Information Unit](#) recently argued that “in many ways (the changes) will start to put England back onto its pre-2013 footing”; and a three-year transitional period has been proposed.

Nevertheless, the changes are going to be difficult for some Councils to absorb, especially those that already have other issues with their financial sustainability.



Public procurement

Key questions for Audit Committee to ask officers:

- ❖ How much do we currently spend per annum on contracts with small and medium-sized enterprises and voluntary, community and social enterprises?
- ❖ Do we test whether our suppliers pay their creditors within appropriate timescales?
- ❖ Which outsourced services, if any, have we assessed to test whether outsourcing is still the best solution?

Background:

Between June and September 2025, the government consulted on public procurement. With an estimated £385 billion spent through public procurement every year, the consultation is intended to support implementation of the new National Procurement Policy Statement.



Cabinet Office

Proposals that are being consulted on include:

- ❖ Mandating large contracting authorities with procurement spend over £100 million per annum to publish their own 3-year target for direct spend with small and medium-sized enterprises and voluntary, community and social enterprises; and report against it annually;
- ❖ excluding suppliers from bidding for major contracts (over £5 million per annum) if they cannot demonstrate they pay their invoices within an average of 60 days;
- ❖ requiring contracting authorities to make a standard assessment before procuring a major contract to test whether service delivery should be inhouse or outsourced;
- ❖ mandating contracting authorities to carry out a public interest test prior to making a sourcing decision on major service contracts; and
- ❖ requiring contracting authorities to publish the results of the public interest test in the tender notice.

The government states that the proposals will “open up more opportunities for small and medium-sized enterprises (SMEs) and voluntary, community, and social enterprises (VCSEs), which are vital for driving the UK economy”.

For a full understanding of the proposals that were put forward, follow this link: [Public Procurement: Growing British industry, jobs and skills](#)

Keeping fit for the future



Key question for Audit Committees to ask officers:

- ❖ What changes to governance structures do we expect the new ten-year health plan to have on us?
- ❖ How are we preparing?

Background:

On 3rd July 2025, the government outlined the new ten-year NHS plan [Fit for the future](#). The plan points to a closer working partnership between local government and Integrated Care Board (ICBs), stating that:

- ❖ The number of ICBs will be reduced from 42 and the remaining ICBs will then be encouraged to adjust their boundaries to match those of new combined authorities;
- ❖ the government's aim over ten years is that ICBs will be coterminous with strategic authorities wherever feasibly possible;
- ❖ Integrated Care Partnerships will be abolished but in future, a neighbourhood health plan will be drawn up by local government, the NHS and its partners at single or upper tier authority level under the leadership of the Health and Wellbeing Board, incorporating public health, social care, and the Better Care Fund;
- ❖ mayors are going to replace local government representatives on ICB Boards;
- ❖ local authorities are going to take up Local HealthWatch social care functions; and
- ❖ from 2026, every single or upper tier local authority will be required to participate in an external public health peer review exercise, on a 5-year cycle, with the results directly informing local plans.

Keeping the leisure estate fit for the future

Key question for Audit Committees to ask officers:

- ❖ How are repairs and maintenance and replacement costs for our leisure estate reflected in our medium-term financial plan?
- ❖ Are we on track to cover replacement costs for the leisure estate?

Background:

Some £400 million was announced in [Fit for the future](#) for grassroots sports facilities, but it is not yet clear how much of that will be directed to local authorities. On 2nd August 2025, the [Local Government Association](#) reported that:

- ❖ Since 2010, 500 swimming pools have closed, representing a loss of over 34,000 square metres of water space. Nearly half of the closures occurred in the last five years.
- ❖ 63 per cent of main sports halls and 60 per cent of swimming pools are beyond their expected lifespans or in need of refurbishment.
- ❖ 24 per cent of council areas face the risk of reducing or closing leisure services due to rising energy and operational costs.

An early understanding of the condition of the estate will help to maximise the effectiveness of any funding that does become available to Councils.



Asylum seekers update

Key questions for Audit Committees to ask their officers:

- ❖ How do we capture and report accommodation costs?
- ❖ Have we calculated whether costs are matched by grant income received?
How are we managing any difference?
- ❖ What are our safeguarding responsibilities? What assurance do we have that we are meeting them?
- ❖ What assurance do we have that we are meeting our duty of care to children and vulnerable adults?

page 46

Background:

On 29th August 2025, the Court of Appeal ruled that The Bell Hotel in Epping Forest can continue to house asylum seekers, overturning an interim injunction that Epping Forest District Council had secured ten days previously to restrain the use of the hotel for such a purpose unless planning permission was granted. The Council was then denied the opportunity to appeal to the Supreme Court.

[Home Office data](#) published on 21st August 2025 shows that 115 other Councils currently have hotels within their areas that are housing asylum seekers. Those Councils may have been watching the outcome of The Bell Hotel case closely.

[The National Audit Office](#) recently estimated that it costs £15.3 billion per annum to house asylum seekers in hotels; and that hotel accommodation accounts for 76% of the annual cost of asylum contracts but houses only 35% of people in asylum accommodation system.

The [Spending Review 2025](#) committed to ending government use of asylum hotels during the current Parliament. The expectation is that these will be replaced by central government owned accommodation, probably delivered by purchasing tower blocks and former student accommodation. However, no timeline has been set for this initiative yet. Without a timeline, hotel costs are likely to be incurred and need managing for some time yet.



Future Webinars for Audit Committee members

We plan to hold a webinar for members of Audit Committees on 27th January 2026. Invitations will be available shortly on our website or can be obtained from your Engagement Lead or Audit Manager.

Areas our webinar will help with include:

Managing debt:

Understanding the true level of debt across all sources;

Assessing the viability of plans for debt repayment;

Understanding and assessing current and future exposure to risk; and

Best practice for Councils managing debt.

Local government reorganisation:

Understanding and anticipating outcomes from the latest submissions;

Managing change whilst waiting for decision announcements; and

Preparing for next steps after decision announcements.



B. Detailed status audit update

B. Status of audit testing 2024/25 – 10 November 2025

Primary Statement

Balance Sheet

Financial Statement Line Item	Status	Total sample size (#)	Samples with appropriate evidence (#)	Failed samples (#)	Inconclusive samples (#)	Auditor Comments
Property Plant and Equipment (PPE) – Opening balance		N/A				<ul style="list-style-type: none"> No audit procedures will be undertaken over opening balances due to the backstopped audit opinion as at 31 March 2024.
PPE – Additions & REFCUS		Additions 9 REFCUS TBC				<ul style="list-style-type: none"> We have queried with Management why spend of less than £20k per asset has been capitalised when the accounting policy states that spend less than £20k is treated as revenue. The total value of this spend is £207k. Additions sample sent to Council on 17 October 2025 – some sample evidence received. Currently in discussion with Management over outstanding items/further queries. Query on S106 breakdown preventing sampling for REFCUS – requested 21 August 2025 – This was received on 3 November 2025, the audit team is process of selecting samples.
PPE – Revaluation and impairment (Other land & building)		TBC				<ul style="list-style-type: none"> A reconciliation between the Fixed Asset Register, Valuers Report and the Financial Statements has been requested from Management before the sample process can begin. Requested 20 March 2025 – outstanding from Management.
[Significant risk]						

Assessment

● [Grey] We were unable to fully test the balance/transaction.

● [Teal] We reviewed the balances and where applicable tested on a sample of transactions, however, we identified a number of issues/exceptions to be able to conclude.

● [Purple] We were able to test the balances and conclude for 24/25 and we did not identify any significant issues

B. Status of audit testing 2024/25

Primary Statement						
Balance Sheet						
Financial Statement Line Item	Status	Total sample size (#)	Samples with appropriate evidence (#)	Failed samples (#)	Inconclusive samples (#)	Auditor Comments
PPE – Revaluation and impairment (Council dwellings) [Significant risk]		TBC				<ul style="list-style-type: none">We have requested working papers to support the value included within the financial statements. The number of properties in the valuation schedule does not agree to the value in the FAR and we are unable to select samples until this is resolved.
Investment property valuations as at 31 March 2025 [Significant risk]		1				<ul style="list-style-type: none">We have requested information to support the valuation, and this currently remains outstanding.
Short- & Long-term debtors (Including Completeness testing)		Debtors TBC Completeness 24	Debtors TBC Completeness 16 to date			<ul style="list-style-type: none">We requested a list of debtors as at 31 March 2025. Management are currently working on producing the listings that support the figures in the financial statements.Completeness – 16 have been cleared and we are processing 8.
Short- & Long-term Creditors (Including Completeness testing)		Creditors TBC Completeness 26	Creditors TBC Completeness 15 to date			<ul style="list-style-type: none">We requested a list of creditors as at 31 March 2025. Management are currently working on producing the listings that support the figures in the financial statements.Completeness – 15 have been cleared, we are processing 10 and 1 remain outstanding.

B. Status of audit testing 2024/25

Primary Statement						
Balance Sheet						
Financial Statement Line Item	Status	Total sample size (#)	Samples with appropriate evidence (#)	Failed samples (#)	Inconclusive samples (#)	Auditor Comments
Short- & Long-term investments		N/A tested in full				<ul style="list-style-type: none">Testing is complete however we are waiting one external confirmation
Cash & Cash Equivalents		13	10 cleared 3 processing			<ul style="list-style-type: none">Working papers have been provided to support the bank balance. We have compared the values listed in these working papers to the balances provided by third parties and have confirmed that these agree. The listing of reconciling items has been sample tested and we have some queries that Management is currently working on. We have some recommendations to discuss with Management to improve the processes currently in place.
Short- & Long-term Borrowing		N/A tested in full				<ul style="list-style-type: none">Testing is complete however we are waiting one external confirmation
Pensions Liability		N/a				<ul style="list-style-type: none">We have the information to start testing this area but have been concentrating on sampling to date.
[Significant risk]						
Usable & Unusable Reserves		TBC				<ul style="list-style-type: none">TBC
Provisions		TBC				<ul style="list-style-type: none">TBC

page 51

B. Status of audit testing 2024/25

Primary Statement						
Comprehensive Income and Expenditure Statement						
Financial Statement Line Item (Expenditure)	Status	Total sample size (#)	Samples with appropriate evidence (#)	Failed samples (#)	Inconclusive samples (#)	Auditor Comments
Employee benefits expenses		TBC				<ul style="list-style-type: none">The initial payroll reconciliation provided by Management did not explain how the payroll reports reconciled to the value in the financial statements. We discussed this with Management and viewed draft reconciliations. A final reconciliation has been shared with us recently. The audit team is currently undertaking sampling.
Other expenses		38	17 cleared 19 queries to date 2 outstanding			<ul style="list-style-type: none">Testing is on-going
Depreciation, amortisation and impairment		TBC				<ul style="list-style-type: none">TBC
Housing benefit		12				<ul style="list-style-type: none">Sample with Council
Grants received in advance		TBC				<ul style="list-style-type: none">We requested the transaction listing of grants received in advance which was shared with us recently, however, there are further queries before the audit team is able to select samples.

B. Status of audit testing 2024/25

Primary Statement

Comprehensive Income and Expenditure Statement

Financial Statement Line Item (Income)	Status	Total sample size (#)	Samples with appropriate evidence (#)	Failed samples (#)	Inconclusive samples (#)	Auditor Comments
Fees, charges and other service income		33	5 cleared 5 processing 16 queries to date 7 outstanding			<ul style="list-style-type: none">Testing is on-going
Income from council tax and non-domestic rates		TBC				<ul style="list-style-type: none">TBC
Capital Grant Income		TBC				<ul style="list-style-type: none">The audit team initially selected samples on 21 August 2025, however, the council highlighted that some of the samples may have further transaction listing. As a result, the audit team needs to re-select the samples based on listing shared by 10 Nov.
Government grants and contributions		24	16 cleared 1 query to date 7 outstanding			<ul style="list-style-type: none">Testing is on-going

Other areas of testing

Journals testing [Significant risk]		61	13 cleared 48 outstanding			<ul style="list-style-type: none">Testing is on-going
Joint operation – Strata Service Solutions Limited		TBC				<ul style="list-style-type: none">TBC

Litigation and claims		TBC				<ul style="list-style-type: none">TBC
-----------------------	--	-----	--	--	--	---

C. Audit Committee Resources

Audit Committee resources

The Audit Committee and organisational effectiveness in local authorities (CIPFA):

<https://www.cipfa.org/services/support-for-audit-committees/local-authority-audit-committees>

LGA Regional Audit Forums for Audit Committee Chairs

These are convened at least three times a year and are supported by the LGA. The forums provide an opportunity to share good practice, discuss common issues and offer training on key topics. Forums are organised by a lead authority in each region. Please email ami.beeton@local.gov.uk LGA Senior Adviser, for more information.

Public Sector Internal Audit Governance

<https://www.gov.uk/government/publications/public-sector-internal-audit-Governance>

Code of Audit Practice for local auditors (NAO):

<https://www.nao.org.uk/code-audit-practice/>

Governance risk and resilience framework: material for those with a leadership responsibility on good governance (CfGS):

<https://www.cfgs.org.uk/material-for-those-with-a-leadership-responsibility-on-good-governance/>

The Three Lines of Defence Model (IAA)

<https://www.theiia.org/globalassets/documents/resources/the-iias-three-lines-model-an-update-of-the-three-lines-of-defense-july-2020/three-lines-model-updated-english.pdf>

Risk Management Guidance / The Orange Book (UK Government):

<https://www.gov.uk/government/publications/orange-book>

CIPFA Guidance and Codes

The following all have a charge, so do make enquiries to determine if copies are available within your organisation.

Audit Committees: Practical Guidance For Local Authorities And Police

<https://www.cipfa.org/policy-and-guidance/publications/a/audit-committees-practical-guidance-for-local-authorities-and-police-2022-edition>

Delivering Good Governance in Local Government

<https://www.cipfa.org/policy-and-guidance/publications/d/delivering-good-governance-in-local-government-framework-2016-edition>

Financial Management Code

<https://www.cipfa.org/fmcode>

Prudential Code

<https://www.cipfa.org/policy-and-guidance/publications/t/the-prudential-code-for-capital-finance-in-local-authorities-2021-edition>

Treasury Management Code

<https://www.cipfa.org/policy-and-guidance/publications/t/treasury-management-in-the-public-services-code-of-practice-and-crossectoral-guidance-notes-2021-edition>



© 2024 Grant Thornton. All rights reserved.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton International Ltd (GTIL) and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.



devonassurancepartnership
Support, Assurance and Innovation

Internal Audit

Annual Audit Report 2024-25

Strata Services Solutions - ICT
Partnership organisation of Exeter,
East Devon and Teignbridge

November 2025

Official

Tony Rose
Head of Devon Assurance Partnership

Jo McCormick
Deputy Head of Devon Assurance
Partnership

Darren Roberts
Assurance Manager

CUSTOMER
SERVICE
EXCELLENCE



Introduction

Devon Assurance Partnership (DAP) has been formed under a joint committee arrangement comprising of Plymouth, Torbay, Devon, Mid-Devon, South Hams & West Devon, Torridge, North Devon councils and Devon & Somerset Fire & Rescue Service and we aim to be recognised as a high quality public sector service provider.

This report provides a summary of the performance against the Internal Audit plan for the 2024/25 financial year, highlighting the key areas of work undertaken and summarising our main findings and recommendations aimed at improving controls, and provides our overall Annual Assurance Opinion on the overall adequacy and effectiveness of the Authority's Internal Control Environment.

The Public Sector Internal Audit Standards (PSIAS) require the Head of Internal Audit to prepare a report providing an opinion at the end of each year that can be used by the organisation to inform its annual governance statement. DAP was externally assessed in December 2024 against the PSIAS framework and confirmed to be conforming with the requirements of the PSIAS. These standards have been revised and renamed the Global Internal Audit Standards (GIAS). They take effect for the UK public Sector as of 1st April 2025 and there are three key aspects:

- [The GIAS](#);
- [The CIPFA Code on the Governance of Internal Audit](#); and
- [The CIPFA Application Note for the GIAS in the Public Sector](#).

These documents combine to set out the framework for Internal Audit that must be followed as per Section 5 of the Accounts and Audit Regulations 2015. During 2025/26 DAP will be undertaking a GAP Analysis of existing processes in relation to the above for each DAP Partner. The outcomes will result in action plans that will be worked through with the Partners to ensure compliance, this is likely to require actions from both DAP and Partners to ensure compliance with the revised governance arrangements and other applicable activities. Further information will be provided in due course.

Expectations of the Audit Committee from this report are to consider

- The opinion statement within this report.
- The basis of our opinion and the completion of audit work against the plan
- The scope and ability of audit to complete the audit work.
- Audit coverage and findings provided.
- The overall performance and customer satisfaction on audit delivery.

In review of these the Audit Committee are required to consider the assurance provided alongside that of Corporate Risk Management and satisfy themselves from this assurance that the internal control framework continues to be maintained at an adequate level to mitigate risks and inform the Executive for governance requirements.

Contents	Page
Introduction	2
Opinion Statement	3
Performance Against Plan	4
Appendices	
1 – Summary of Audit Reports and Findings	5
2 – Professional Standards	7
3 – Audit Authority	8
4 – AGS Assurance Framework	9
5 – Basis for Opinion	10

Overall Opinion Statement

Based on work performed to date during 2024-25, our experience from previous years, the Head of Internal Audit's Opinion on the adequacy and effectiveness of internal control framework is one of **"Reasonable Assurance"**.

Our audit planning process is both risk based and agile, as such our resources, and consequently our annual report will inevitably focus upon higher risk areas.

Strata Service Solutions has three founding partners (The Partners), East Devon District Council (EDDC), Exeter City Council (ECC) and Teignbridge District Council (TDC). At the time, the creation of Strata in 2014 represented an innovative approach.

The approach has proved successful as Strata has delivered in excess of one million pounds in cashable savings. Of significant importance moving forward is that it positioned the Partners well as many Councils around the country increasingly look to enter similar partnership arrangements.

When carrying out reviews, Internal Audit assesses whether key and other controls are operating satisfactorily and an opinion on the adequacy of controls is provided to management as part of the audit report. All final audit reports include an action plan which identifies responsible officers, and target dates, to address control issues identified. Implementation of action plans rests with management, and these are reviewed during subsequent audits or as part of a specific follow-up.

Substantial Assurance	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.	Limited Assurance	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 Assurance	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.	No Assurance	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.

Audit Coverage and performance against plan

Over the course of 2024/25 we have carried out two reviews as agreed. ICT Cyber Event and Service Design & Operation Efficiency both received a reasonable assurance opinion. Please refer to Appendix 1 for further information on the work performed.

There has been a growing trend in the sector towards more flexible audit plans to enable internal audit to be more responsive to changing risks, in turn maximising resource focus to clients' needs as and when needed – Agile Auditing.

This report provides a summary of the key issues reported that are being addressed by management.

It should also be noted that some audits required a richer mix of staff resource due to the complexity / sensitivity of the area under review.

Appendix 1 – Summary of reports and audit reports and findings for 2024/25

Strata	
Risk Area / Audit Entity	Audit Report
	Residual Risk / Audit Comment
Service Design & Operational Efficiency Reasonable Assurance Status: Final	<p>A Reasonable Assurance opinion has been provided on the implementation of the service design model used within Strata to ensure that the needs / requirements of the Partners are considered / met when designing their services. Additionally, the formalisation of the service design process over the past 12- 18 months shows continued and committed development to meets Strata's overall mission and objectives.</p> <p><i>Summary of findings:</i></p> <ul style="list-style-type: none"> • There is an adequate governance framework to ensure the correct level of involvement when creating and reviewing service offerings. • There is a feedback loop from the outcomes of projects to inform future service designs / changes. Furthermore, Strata obtains feedback from the Partners and recognises areas for improvement to ensure that services meet requirements and build this into their business plan. • Services are accurately documented and communicated to the Partners via a Service Model document which outlines the standard ICT service model from Strata. • Service Level Agreements (SLAs) for incidents and service requests are clearly defined and agreed with the Partners. The SLAs are sufficiently monitored and used to inform future capacity and design decisions. Evidence was obtained of these decision (i.e., allocation of resource between business-as-usual and project work) being informed by the Partners. • There are risk management processes (operational, project and strategic) that feeds into service design. <p><i>Areas for consideration:</i></p> <ul style="list-style-type: none"> • There are no active security boards / forums that are attended by Strata & an appropriate representative for each of the Partners. While Strata plays an important role in designing and delivering secure services, each Council ultimately retains accountability for managing its own information security and strategic risk. A joint mechanism / security function will assist the Council is setting risk appetite, ensuring compliance, and managing strategic security risks, whilst supporting Strata in designing secure services, and implementing controls aligned with the Councils' requirements. • Although capacity (e.g., resources allocated during the design process) is managed through a resource calendar, there is an absence of standardised capacity planning frameworks in Service Design. • Project prioritisation is managed operationally through a Portfolio Board, however, there is no prioritisation framework / criteria to guide the ranking / tiering of projects to ensure alignment with Council's strategic requirements, and to support agile and efficient capacity planning in Strata. The overall prioritisation is the responsibility of the Councils and that whilst

	<p>Strata can and does work with the Councils to apply a priority value, the councils must steer the overall programme of work based on their strategic view.</p> <p>Overall, Strata have made improvements in the formalisation of the service design model used, which ensures appropriate levels of governance and the correct levels of engagement with partners to ensure that the services Strata provide are designed to meet the Partners strategic objectives / requirements. Although we have provided a reasonable level of assurance for the Service Design approach, it is not possible to guarantee beyond doubt that an assurance exercise has discovered all strengths or weaknesses within an organisation, as such the observations made in Appendix A should always be supplemented by any additional local knowledge.</p>
<p>ICT Cyber Event</p> <p>Reasonable Assurance</p>	<p>The current global risk position shows an elevated level of likelihood that an IT loss event (Cyber Attack) will happen, be that due to a cyber-attack, hardware failure or other triggering action/activity. According to Infosecurity Europe, “the UK public sector has been increasingly targeted by cybercriminals in 2024, often facing attacks like ransomware, phishing, and distributed denial-of-service (DDoS) attacks.” Such attacks not only target the vast personal and financial data held by public entities but also disrupt essential services, posing serious risks to public safety and national security. Attackers, including state-sponsored groups and hacktivists, see the public sector as a valuable target for both financial gain and political leverage. Budget constraints further exacerbate these vulnerabilities, limiting cybersecurity investments and leaving systems outdated.</p> <p>Devon Assurance Partnership (DAP) facilitated a theoretical ICT Cyber loss workshop involving STRATA and its Partners on 7th January 2025. The aim of the exercise was to consider preparedness, share expenses and develop key actions to increase the mitigation for such an event. The exercise was carried out successfully and those present were fully engaged and open in understanding the impact of the theoretical event, the current estimated position of preparedness and the most relevant actions to increase the mitigations for an ICT Loss. There were good levels of experience, and all provided views and opinions leading to comprehensive discussions. There was collective agreement on the need to take further action and these have outlined in the full report presented to Strata.</p>

Appendix 2 - Professional Standards and Customer Service

Conformance with Public Sector Internal Audit Standards (PSIAS) in 2024/25

PSIAS Conformance - Devon Assurance Partnership conformed to the requirements of the PSIAS for its internal audit activity for the period related to this report and assurance opinion. The purpose, authority and responsibility of the Internal Audit activity is defined in our Internal Audit Charter, consistent with the *Definition of Internal Auditing*, the *Code of Ethics* and the *Standards*. Our Internal Audit Charter was approved by senior management and the Audit Committee in 2024. This is supported through DAP self-assessment of conformance with Public Sector Internal Audit Standards & Local Government Application note.

Quality Assessment - The Head of Devon Assurance Partnership maintains a quality assessment process which includes review by audit managers of all audit work. The quality assessment process and improvement are supported by a development programme.

External Assessment - The PSIAS states that a quality assurance and improvement programme must be developed; the programme should be informed by both internal and external assessments.

An external assessment must be conducted at least once every five years by a suitably qualified, independent assessor. For DAP this was last conducted at the end of 2024 by an ex-assistant Director of SWAP, a public sector limited company providing internal audit services.

The assessment result was that *“Based on the work carried out, it is our overall opinion that DAP **generally conforms*** with the Standards and the Code of Ethics”*. The report noted that *“As a result of our work, a small number of areas where partial conformance was identified. These were minor observations, none of which were significant enough to affect the overall opinion”*. DAP is actively addressing these improvement areas.

Generally Conforms – This is the top rating and means that the internal audit service has a charter, policies and processes that are judged to be in conformance to the Standards

Improvement Programme – DAP maintains a rolling development plan of improvements to the service and customers. All recommendations of the external assessment of PSIAS and quality assurance were included in this development plan. This will be further embedded with revision of our internal quality process through peer review. Our development plan is regularly updated, and a status report reported to the DAP Management Board.

The new **Global Internal Audit Standards (GIAS)** come into effect for the UK public Sector as of 1st April 2025. There are three key aspects:

- [The GIAS](#);
- [The CIPFA Code on the Governance of Internal Audit](#); and
- [The CIPFA Application Note for the GIAS in the Public Sector](#).

These documents combine to set out the framework for Internal Audit that must be followed as per Section 5 of the Accounts and Audit Regulations 2015. During 2025/26 DAP will be undertaking a GAP Analysis of existing processes in relation to the above for each DAP Partner. The outcomes will result in action plans that will be worked through with the Partners to ensure compliance, this is likely to require actions from both DAP and Partners to ensure compliance with the revised governance arrangements and other applicable activities. Further information will be provided in due course.

Customer Service Excellence

DAP was successful in re-accreditation by G4S Assessment Services of the CSE standard during our last review. This accreditation is a UK-wide quality mark which recognises organisations that prioritise customer service and are committed to continuous improvement.

Appendix 3 – Audit Authority

page 64



Appendix 4 - Annual Governance Framework Assurance

The conclusions of this report provide the internal audit assurance on the internal control framework necessary for the Committee to consider when reviewing the Annual Governance Statement.

The Annual Governance Statement (AGS) provides assurance that

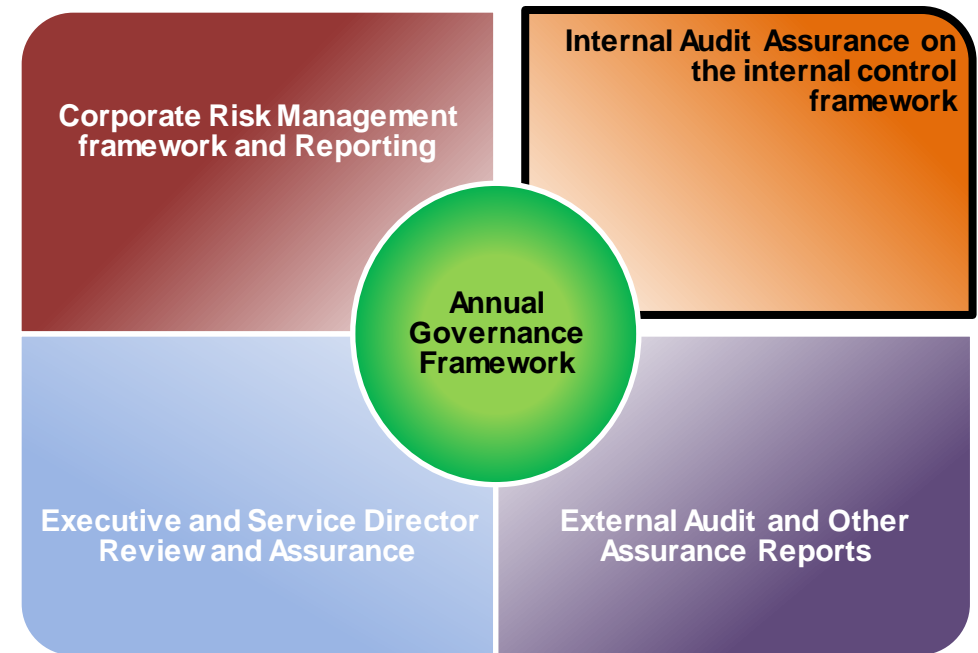
- the Authority's policies have been complied with in practice;
- high quality services are delivered efficiently and effectively;
- ethical standards are met;
- laws and regulations are complied with;
- processes are adhered to;
- performance statements are accurate.

The statement relates to the governance system as it is applied during the year for the accounts that it accompanies. It should:-

- be prepared by senior management and signed by the Chief Executive and Chair of the Audit (Governance) Committee;
- highlight significant events or developments in the year;
- acknowledge the responsibility on management to ensure good governance;
- indicate the level of assurance that systems and processes can provide;
- provide a narrative on the process that has been followed to ensure that the governance arrangements remain effective. This will include comment upon;
 - The Authority;
 - Audit Committee;
 - Risk Management;
 - Internal Audit;
 - Other reviews / assurance.

Provide confirmation that the Authority complies with CIPFA / SOLACE Framework *Delivering Good Governance in Local Government*. If not, a statement is required stating how other arrangements provide the same level of assurance.

The Committee should satisfy themselves, from the assurances provided by the Corporate Risk Management Framework, Executive and Internal Audit that the statement meets statutory requirements, and that the management team endorse the content.



The LGA has introduced an improvement and assurance framework, accompanied by [a self-assessment](#) tool. This framework is intended to assist local authorities in evaluating the adequacy of their measures to ensure both service performance and corporate governance.

It is specifically designed for use by corporate statutory officers, in collaboration with members and other key officers. The tool should be utilised to inform the council's annual review of the effectiveness of its internal control system, aid in preparation for external evaluations such as Corporate Peer Challenges or inspections and support corporate statutory officers in their roles to promote good governance within the authority. The [framework](#) and a dedicated guide for [Councillors](#) are available on the LGA's website.

Appendix 5 - Basis for Opinion

The Chief Internal Auditor is required to provide the organisation with an opinion on the adequacy and effectiveness of its accounting records and its system of internal control in the Council.

In giving our opinion, it should be noted that this assurance can never be absolute. The most that the Internal Audit service can do is to provide assurance, formed from risk-based reviews and sample testing, of the framework of governance, risk management and control.

This report compares the work carried out with the work that was planned through risk assessment; presents a summary of the audit work undertaken; includes an opinion on the adequacy and effectiveness of the Authority's internal control environment; and summarises the performance of the Internal Audit function against its performance measures and other criteria.

The report outlines the level of assurance that we are able to provide, based on the internal audit work completed during the year. It gives:

- a statement on the effectiveness of the system of internal control in meeting the Council's objectives:
- a comparison of Internal Audit activity during the year with that planned;
- a summary of the results of audit activity and;
- a summary of significant fraud and irregularity investigations carried out during the year and anti-fraud arrangements.

The extent to which our work has been affected by changes to the audit plan are shown in this document.

The overall audit assurance will have to be considered in light of this position.

In assessing the level of assurance to be given the following have been taken into account:

all audits completed during 2024-25, including those audits carried forward from 2023-24;

any follow up action taken in respect of audits from previous periods;

any significant recommendations not accepted by management and the consequent risks;

the quality of internal audit's performance;

the proportion of the organisations audit need that has been covered to date;

the extent to which resource constraints may limit this ability to meet the full audit needs of the Authority;

any limitations that may have been placed on the scope of internal audit.

This page is intentionally blank.

page 67

Devon Assurance Partnership

The Devon Assurance Partnership has been formed under a joint committee arrangement. We aim to be recognised as a high-quality assurance service provider. We work with our partners by providing a professional assurance services that will assist them in meeting their challenges, managing their risks, and achieving their goals. In carrying out our work we are required to comply with the Public Sector Internal Audit Standards (for 2024/25) along with other best practice and professional standards.

The Partnership is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on our service, processes or standards, the Head of Partnership would be pleased to receive them at tony.d.rose@devon.gov.uk

Confidentiality and Disclosure Clause

This report is protectively marked in accordance with the National Protective Marking Scheme. It is accepted that issues raised may well need to be discussed with other officers within the Council, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation's disclosure policies.

This report is prepared for the organisation's use. We can take no responsibility to any third party for any reliance they might place upon it.

Report to: Audit and Governance Committee

Date of Meeting: 20 November 2025

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A



Annual review of the partnership register

Report summary:

Partnership information for the 2025/26 financial year until March 2026 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 2024/25.

Is the proposed decision in accordance with:

Budget Yes ☒ No ☐

Policy Framework Yes ☒ No ☐

Recommendation:

That the report for review in line with the current policy be noted.

Reason for recommendation:

That the Audit and Governance Committee considers the current status of our partnerships.

Officer: Gemma Roberts, Gemma.roberts@eastdevon.gov.uk

Portfolio(s) (check which apply):

- ☐ Assets and Economy
- ☒ Communications and Democracy
- ☒ Council, Corporate and External Engagement
- ☐ Culture, Leisure, Sport and Tourism
- ☐ Environment - Nature and Climate
- ☐ Environment - Operational
- ☐ Finance
- ☐ Place, Infrastructure and Strategic Planning
- ☐ Sustainable Homes and Communities

Equalities impact Low Impact

Climate change Low Impact

Risk: Medium Risk; There are reputational and organisational risks if we do not ensure that we monitor the objectives and measures from the council plan.

Links to background information

Link to [Council Plan](#)

Priorities (check which apply)

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

Report in full

1. The EDDC's Partnership Policy was updated in 2024 and reviewed by this committee. The policy requires all partnerships identified by the council to be reviewed annually. There are currently 22 active partnerships as defined by our policy.
2. For this review 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. 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.

Name of Partnership	Benefit of continued engagement	Annual cost of partnership to EDDC
Shared ICT service with Exeter City and Teignbridge Councils (Strata)	Efficiency over IT delivery.	2024/25 £3223k 2025/26 £3281k
South West Audit Partnership (SWAP)	Efficiency over internal audit provision.	2024/25 £135k 2025/26 £138k
Exeter Science Park (Exeter Science Park Company Ltd – ESPL)	Support the development of the science park	
Cranbrook Placemaking Group	Support the development of Cranbrook	
Enterprise Zone	Continued delivery of new employment space and job opportunities. Overcoming barriers to delivery including in relation to Cranbrook town centre.	
Placemaking in Exmouth Town and Seafront Group (formerly Exmouth Queen's Drive Delivery Group)	To provide a reference group of district and town councillors with officer support to inform progress and to make recommendations to East Devon District Council's Cabinet to enable it to take forward the successful delivery of Exmouth Queen's Drive Redevelopment	
DCHOP (Devon & Cornwall Housing Options Partnership)	Continued collaborative approach with partner local authorities in tackling homelessness and rough sleeping	£5,000 membership payable by each local authority

DHC (Devon Home Choice)	Housing register and allocation process is centrally managed and consistent throughout the county.	£2,500 membership payable by each housing provider
Exe Estuary Partnership	To support the conservation and management of an internationally site for both wildlife and to educate and inform its users.	
Devon Rural Housing Partnership	To help ensure that good quality rural affordable housing for local people continues to be delivered in an attempt to meet the need.	
Blackdown Hills National Landscape (formally Area of Outstanding Natural Beauty (AONB))	Proven partnership delivering Statutory AONB Management Plan and Duty of Regard for EDDC under Sec 85 CROW Act 2000 Significant multiplier of EDDC's contribution of partnership working with key public and private sector partners. Ability to access additional funding for local projects Working with farming & local communities – e.g. via farm facilitation group (with 110 farmer members)	
East Devon National Landscape (formally AONB)	Proven partnership delivering Statutory AONB Management Plan and Duty of Regard for EDDC under Sec 85 CROW Act 2000 Significant multiplier of EDDC's contribution Continuation of partnership working with key public and private sector partners. Ability to access additional funding for local projects e.g. Arts engagement, undergrounding power lines, nature recovery Working with farming & local communities – East Devon Farmers Group	
East and Mid Devon Community Safety Partnership	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.	
Devon Communities Together	Provide support to the CVSE sector in East Devon	£60,000 From UKSPF funding
South East Devon Habitat Regulations Executive Committee	Local Plans are sound. Internationally important wildlife sites are protected. Unique and vulnerable natural heritage is preserved for future generations. Provision of high quality greenspace (SANG) enables high quality placemaking for the region.	Variable
Seaton and Axminster Group	Continued engagement with DCC, Town Council and local Chambers on regeneration/placemaking activities. Limited input from Officers - signposting and enabling for local communities to deliver themselves.	
One Eastern Devon Public Health Partnership	Opportunities to deliver more joined up services and possible funding opportunities.	

DCIOS Local Resilience Forum	Benefit of support and understanding from the wider partnership.	£1107
Devon Emergency Planning Partnership	DEPP provide support around emergency planning for the majority of Devon Authorities (particularly in terms of processes and documentation) and enhance the link between the Districts, Country and other LRF partners.	£6500

Financial implications:

No direct financial implication arising from the report.

Legal implications:

No legal implications arising from this report.

Audit and Governance Committee**20 November 2025****Audit and Governance Committee****Forward Plan 2025/26**

Date of Committee	Report	Lead Officer
29 January 2026	<ul style="list-style-type: none"> • Risk Policy update • Statement of Accounts Annual Government Statement 2024/25 • External Auditor's Annual Report • 'Time for change' - External Auditor updates • Annual Report - Delivery Plan for Fraud, Corruption & Compliance Strategy • Financial Monitoring report update 2025/26 and Treasury Position Review • External Audit Accounts 2024/25 verbal update 	<p>Director of Finance</p> <p>Grant Thornton</p> <p>Assistant Director Revenues, Benefits & Customer Services</p> <p>Finance Manager</p> <p>Finance Manager/GT</p>
19 March 2026	<ul style="list-style-type: none"> • Annual Audit Plan 2026/27 and Review of Internal Audit Charter • Internal Audit Plan Progress • External Audit Committee update • Accounting Policies Approval • Financial Monitoring report update 2025/26 • External Audit Accounts 2024/25 verbal update 	<p>SWAP</p> <p>Grant Thornton</p> <p>Finance Manager</p> <p>Finance Manager/GT</p>