

Agenda for Audit and Governance Committee Thursday, 29th January, 2026, 2.30 pm

Members of Audit and Governance Committee

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

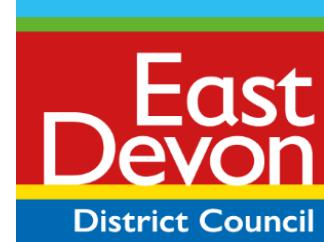
Venue: Council Chamber, Blackdown House

Contact: Amanda Coombes;

01395 517543; email acoombes@eastdevon.gov.uk

(or group number 01395 517546)

Tuesday, 20 January 2026



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

There are 3 late reports listed at items 7-9.

6 Confidential/exempt item(s)

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

Matters for Decision

7 **Audit Findings report 2024/25** (Pages 6 - 95)

8 **Revised Interim Auditors Annual Report (VFM) 2024/25** (Pages 96 - 137)

9 **Statement of Accounts Annual Government Statement 2024/25** (Pages 138 - 139)

- 10 **Annual report of Fraud & Compliance Work 2024-25 and Delivery Plan update** (Pages 140 - 177)
- 11 **Information Governance Board Annual report** (Pages 178 - 185)
- 12 **Audit and Governance Forward Plan** (Page 186)

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 20 November 2025

Attendance list at end of document

The meeting started at 2.32 pm and ended at 4.18 pm

23 Minutes of the previous meeting

The minutes of the Audit and Governance Committee held on 18 September 2025 were confirmed as a true record.

24 Declarations on interest

There were none given.

25 Public speaking

There were no members of the public wishing to speak.

26 Matters of urgency

There were none.

27 Confidential/exempt item(s)

There was one verbal update dealt with in this way.

28 Internal Audit Activity Progress Report – Quarter 2 2025/26

Connor McLaughlin Nester - Principal Auditor, SWAP presented the report which outlined progress in delivering the 2025/26 Internal Audit Plan and provided a summary of outstanding internal audit actions as of 24 October 2025.

There was overall encouragement from Members and officers to the decline in the list of actions taken and that there were no high operational risks. It was requested that older actions were completed first and to only extend deadline dates under extraordinary circumstances.

RESOLVED:

That the progress against the 2025/26 Internal Audit Plan as of 24 October 2025 and the findings reported be noted.

29 External Audit Progress report and sector updates

Peter Barber, Key Audit Partner - Grant Thornton provided progress in the delivery of the responsibilities of the external auditor. It included a series of sector updates in respect of emerging issues for consideration.

There was discussion concerning information deadline dates to Grant Thornton from the council. Peter Barber confirmed the change in the way Grant Thornton and officers worked together was much better and that the processes were very involved.

The Finance Manager wished to thank the Finance Team for their hard and challenging work towards completing the audits. The team was working well with the auditors and although there were sometimes genuine delays, they were confident in getting this completed on time.

The Chair thanked and congratulated both the teams from EDDC and Grant Thornton for working well together especially as the backstop had created more work.

RESOLVED:

That the External Audit Progress report and sector update be noted.

30

Strata Annual Internal Audit report 2024/25 - DAP

Jo McCormick from DAP presented the report which provided a summary of the performance against the Internal Audit plan for the 2024/25 financial year. It highlighted the key areas of work undertaken and summarised the main findings and recommendations aimed at improving controls. The overall Annual Assurance Opinion on the overall adequacy and effectiveness of the Authority's Internal Control Environment was provided. Based on work performed to date during 2024-25 and experience from previous years, the Head of Internal Audit's Opinion on the adequacy and effectiveness of internal control framework was one of 'Reasonable Assurance'.

Discussion included the fact that specialist IT auditors from DAP were tasked with the Strata audits. The committee was advised that the Strata Joint Executive Committee, the Strata Joint Scrutiny Committee and the Information Governance Board all played a key part in ensuring accountability for managing information security and strategic risks. There was concern that IT was the largest corporate risk, but it was not clear where the responsibility finally lay. The Finance Director agreed that he, DAP and SWAP needed to liaise to get clarity to what each partner covers to get an overview of delivery of secure services.

RESOLVED:

That the Strata Annual Internal Audit report 2024/25 be noted.

31

Partnership Register annual review

Partnership information for the 2025/26 financial year until March 2026 was supplied to allow the Committee to monitor the status of the council's partnerships. This followed the year-end review of partnerships by responsible officers for 2024/25.

RESOLVED:

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

32

Audit and Governance Forward Plan

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

- Risk Policy update

- Statement of Accounts Annual Government Statement 2024/25
- External Auditor's Audit Findings 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
- Information Governance Board Annual report
- Strata reporting lines update

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

34 **Review of confidential internal audit reports - verbal update**

A brief oversight of this issue was given.

Attendance List

Councillors present:

I Barlow
C Burhop (Chair)
R Collins
O Davey (Vice-Chair)
C Fitzgerald
M Goodman
F King

Councillors also present (for some or all the meeting)

J Loudoun

Officers in attendance:

Robert Wood, Independent Person
Amanda Coombes, Democratic Services Officer
Peter Barber
Simon Davey, Director of Finance
Tracy Hendren, Chief Executive
Joanne McCormick
Connor McLaughlin Nester, Principal Auditor
John Symes, Finance Manager
Melanie Wellman, Director of Governance (Monitoring Officer)

Councillor apologies:

K Bloxham
Y Levine

Chair

.....

Date:

.....

page 6

Audit Findings (ISA 260) Report for East Devon District Council

Year ended 31 March 2025

January 2026



East Devon District Council,
Blackdown House,
Border Road, Honiton,
EX14 1EJ

26 January 2026

Dear Members of the Audit & Governance Committee

Audit Findings for East Devon District Council for the 31 March 2025

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process and confirmation of auditor independence, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Chartered Accountants

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No. OC307742. Registered office: 30 Finsbury Square, London EC2A 1AG. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. 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.

Grant Thornton UK LLP
2 Glass Wharf
Bristol
BS2 0EL
T +44 (0)117 305 7600

www.grantthornton.co.uk



We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to manage risk, quality and internal control particularly through our Quality Management Approach. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at [transparency-report-2024-.pdf \(grantthornton.co.uk\)](https://grantthornton.co.uk/transparency-report-2024-.pdf).

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Peter Barber

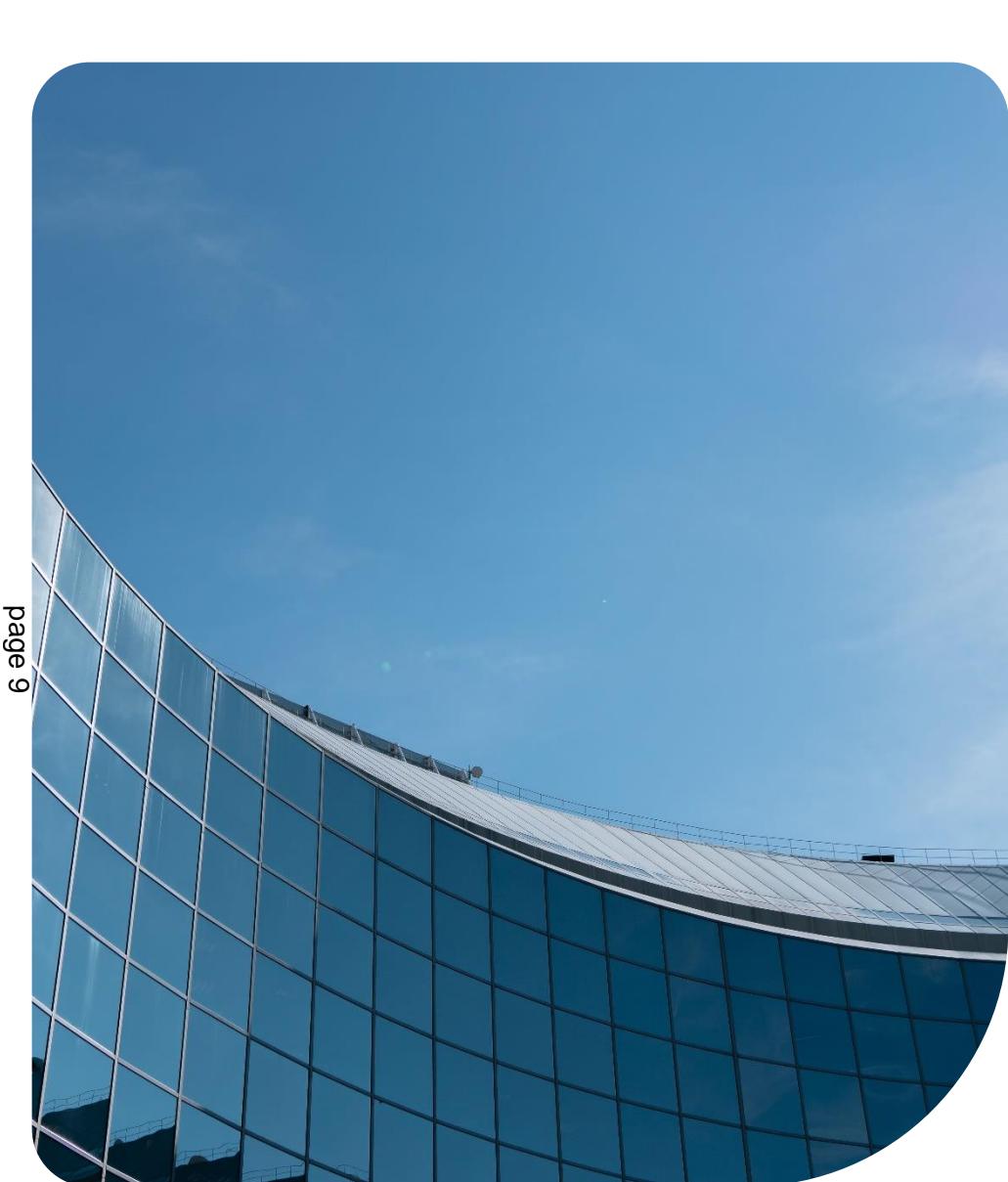
page

8 Director

For Grant Thornton UK LLP

Chartered Accountants

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No. OC307742. Registered office: 30 Finsbury Square, London EC2A 1AG. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. 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.



Contents

| Section | Page |
|---|------|
| Headlines | 5 |
| Materiality | 13 |
| Overview of significant and other risks identified | 16 |
| Other findings | 26 |
| Communication requirements and other responsibilities | 39 |
| Audit adjustments | 45 |
| Value for money | 64 |
| Independence considerations | 66 |
| Appendices | 72 |

Headlines and status of the audit

Headlines

This page and the following summarises the key findings and other matters arising from the statutory audit of East Devon District Council (the 'Authority') and the preparation of the Authority's financial statements for the year ended 31 March 2025 for the attention of those charged with governance.

Financial statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice (the 'Code'), we are required to report whether, in our opinion:

page 11

- the Authority's financial statements give a true and fair view of the financial position of the Authority and its income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report) is materially consistent with the financial statements and with our knowledge obtained during the audit, or otherwise whether this information appears to be materially misstated.

Owing to the challenges of undertaking an opinion audit where the previous 3 years audits were subject to backstop-related disclaimed audit opinions, we have been unable to undertake sufficient work to support an unmodified audit opinion for 2024/25 in advance of the backstop date of 28 February 2026. The limitations imposed by not having assurance on opening balances mean that we will be unable to form an opinion on the financial statements for 2024/25 and we will modify our opinion on the financial statements.

In light of this historic position, the aspiration for 2024/25 was to undertake a full in year audit and seek to regain as much assurance on closing balances at 31 March 2025 recognising the limitations of the prior year opening balances qualification.

To assist with the recovery of assurance in 2024/25 we made our working paper requirements available prior to year end. We then worked with finance officers during the April to September 2025 period to prepare for our post-statements visit. This work included reviewing your year-end bank reconciliation, reconciling the trial balance to the draft financial statements and discussing working paper requirements and early sample selection.

The Draft 2024/25 financial statements were published ahead of the end of June 2025 deadline, the first time that the Council has achieved this for a number of years. Our full post-statements audit commenced in late September 2025 and as at 26 January 2026 our in-year audit is well progressed. Our findings are summarised on pages 16 to 38.

Whilst lots of progress has been made in our Property Plant and Equipment (PPE) testing, our work this year continues to identify issues that individually and cumulatively are indicative of material error. The main areas of concern relate to the valuation of your leisure facilities, play areas and your depreciation charges. Given the backstop from prior year, it was never going to be possible to regain full assurance over PPE in 2024/25 but a key action for 2025/26 will be for the Council to prioritise these areas to ensure they are correctly valued going forward. We have made a number of recommendations to this end. Further details are provided on pages 50 to 61.

Headlines

This page and the following summarises the key findings and other matters arising from the statutory audit of East Devon District Council (the 'Authority') and the preparation of the Authority's financial statements for the year ended 31 March 2025 for the attention of those charged with governance.

Financial statements (continued)

In addition, a number of non-material adjustments have been identified, some of which have been corrected in the revised financial statements, and we have recommended a number of other audit adjustments to improve the presentation of the financial statements as detailed in pages 46 to 48. We have also raised recommendations for management as a result of our audit work in pages 50 to 61. Our follow up of recommendations from the prior year's audit are detailed in pages 62 to 63.

We set out in more detail the regaining of assurance in Appendix C.

As set out in more detail on page 9 there has been a stepped change in the Authority's commitment and ability to firstly produce materially accurate financial statements and then in turn support the challenging audit process. The audit this year, has not been without challenges but whilst our proposed opinion for 2024/25 remains qualified and the PPE issue arising this year will be reflected in this qualification, some assurance can be taken that the Council is moving forward and is now much better placed to regain full audit assurance in future years.

Areas of focus for the Council in 2025/26 in addition to the PPE issues include:

- Ensuring cut-off for income and expenditure is correct
- Reconciling all bank accounts on a timely basis and investigating any differences

Key areas where full assurance remains outstanding due to the backstop:

- Opening balances,
- In year movements net pension liability and PPE,
- Closing PPE,
- Closing reserves.

In addition, at the time of drafting this report the other areas outstanding are detailed in Appendix C. We will provide a verbal update on progress against these areas to the forthcoming Audit & Governance Committee.

Headlines

Value for money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice (the 'Code'), we are required to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are required to report in more detail on the Authority's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Authority's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance.

We have completed our VFM work and our detailed commentary is set out in the separate Interim Auditor's Annual Report, which is presented to the September meeting of the Audit Committee. A final version of this document will be issued alongside our disclaimed audit opinion.

At the time of drafting the Interim Auditor's Annual Report we held open our assessment in respect of governance arrangements in respect of the Council's ability to produce complete and accurate financial statements and support the audit process. Given the improvements noted in this area in 2024/25 we are no longer minded to classify this as a significant weakness but will include an improvement recommendation highlighting the need for continued efforts to regain full audit assurance going forward. A revised interim version of this report will be presented alongside this report to the January 2026 of the Audit and Governance Committee.

Notwithstanding the above, our Interim Auditor's Annual Report did identify significant weaknesses in financial sustainability in respect of the HRA budget for the year and as a result are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Our findings are set out in the value for money arrangements section of this report (page 65).

Headlines

Statutory duties

The Local Audit and Accountability Act 2014 (the 'Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties

We have completed the majority of work required under the Code. However we cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have received confirmation from the NAO that the group audit (Department of Health & Social Care for NHS and Whole of Government Accounts for non-NHS) has been certified by the C&AG and therefore no further work is required to be undertaken in order to discharge the auditor's duties in relation to consolidation returns under paragraph 2.11 of the Code.

page 14

Significant matters

The ability to produce complete, timely and accurate financial statements and support the subsequent audit process is fundamental to demonstrating financial accountability for public monies. The Audit and Governance Committee as Those Charged with Governance at the Council can take comfort that there has been a stepped improvement in these arrangements for 2024/25 recognising further continued efforts will be required to refine closedown processes and further improve the timeliness of sample and audit query responses going forward to fully regain assurance.

We would like to put on record, our appreciation to the finance team for embracing the challenge this year. We have received good cooperation from finance officers and there has been a clear commitment to support the audit and this has enabled us to gain assurance over in year transactions and recover some of the assurance over year end closing balances.

We will undertake a detailed wash up session with finance officers to reflect on 2024/25 and what learning can be taken into 2025/26 on both sides.

Headlines

National context – audit backlog

Government proposals around the backstop

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits. These Regulations required audited financial statements to be published by the following dates:

- For years ended 31 March 2025 by 27 February 2026
- For years ended 31 March 2026 by 31 January 2027
- For years ended 31 March 2027 by 30 November 2027

The statutory instrument is supported by the National Audit Office's (NAO) new Code of Audit Practice 2024. The backstop dates were introduced with the purpose of clearing the backlog of historic financial statements and enable to the reset of local audit. Where audit work is not complete, this will give rise to a disclaimer of opinion. This means the auditor has not been able to form an opinion on the financial statements.

In the case of East Devon District Council, the last unqualified audited financial statements were in 2020/21 with the following three years audits being subject to the backstop. 2024/25 represents the first year of a recovery in assurance recognising the opinion will remain qualified until full assurance has been regained.

Headlines

Implementation of IFRS 16

Implementation of IFRS 16 Leases became effective for local government bodies from 1 April 2024. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS 17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

Local government accounts webinars were provided for our local government audit entities during March, covering the accounting requirements of IFRS 16. Additionally, CIPFA has published specific guidance for local authority practitioners to support the transition and implementation on IFRS 16.

Introduction

IFRS 16 updates the definition of a lease to:

- “a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.”

In the public sector the definition of a lease is expanded to include arrangements with nil consideration. This means that arrangements for the use of assets for little or no consideration (sometimes referred to as peppercorn rentals) are now included within the definition of a lease.

IFRS 16 requires the right of use asset and lease liability to be recognised on the balance sheet by the lessee, except where:

- leases of low value assets
- short-term leases (less than 12 months).

This is a change from the previous requirements under IAS 17 where operating leases were charged to expenditure.

The principles of IFRS 16 also apply to the accounting for PFI liabilities.

The changes for lessor accounting are less significant, with leases still categorised as operating or finance leases, but some changes when an authority is an intermediate lessor, or where assets are leased out for little or no consideration.

Impact on the Authority

IFRS 16 has mainly impacted on the Council's financial statements in respect of Right Of Use assets brought into use on the Balance Sheet. The Council did not have significant operating lease commitments in its financial statements in previous years.

The Council has adopted appropriate accounting policies and disclosures including:

- application of judgment and estimation
- related internal controls that required updating, if not overhauling, to reflect changes in accounting policies and processes
- systems to capture the process and maintain new lease data and for ongoing maintenance
- accounting for what were operating leases
- identification of peppercorn rentals and recognising these as leases under IFRS 16 as appropriate

Headlines

Implementation of IFRS 16 (continued)

Findings from our work

We have performed a full review of the IFRS16 accounting applied by the Council.

Our detailed review of the Council's arrangements for identifying all right of use assets that may be subject to IFRS 16 has provided assurance over the main potential leases that fall within this category but nonetheless requires further evidence going forward to demonstrate that the Council had identified all leases and assets that may fall within this standard. Please see page 28 for further information.

Materiality

Our approach to materiality

As communicated in our Audit Plan dated 18 June 2025, we determined materiality at the planning stage as £2.025m based on 2% of prior year gross expenditure of the Authority. At year-end, we have reconsidered planning materiality based on the draft financial statements. We have updated materiality based on the increased level of gross expenditure as at 31 March 2025.

A recap of our approach to determining materiality is set out below.

Basis for our determination of materiality

- We have determined materiality at £2.2m based on professional judgement in the context of our knowledge of the Authority.
- We have used 2% of gross expenditure as the basis for determining materiality.
- We considered the proportion of gross expenditure of the Authority to be an appropriate benchmark for the financial year. In the prior year we used the same benchmark.

Performance materiality

- We have determined performance materiality at £1.320m, this is based on 60% of headline materiality. We have revised the performance materiality percentage to reflect the increased risk due to previous financial statements being subject to backstop legislation.

Specific materiality

- We have determined a lower separate materiality for the senior officer remuneration of £28k, which is based on 2% of the total senior officer remuneration.

Reporting threshold

- We will report to you all misstatements identified in excess of £110k, in addition to any matters considered to be qualitatively material.

Our approach to materiality

A summary of our approach to determining materiality is set out below.

| | Authority (£) | Qualitative factors considered |
|---|----------------------|---|
| Materiality for the financial statements | 2,200,000 | Materiality has been based on 2% of Gross Operating Expenditure. |
| Performance materiality | 1,320,000 | Low level of deficiencies in control environment and quality of financial statements in prior years. Calculated as 60% of materiality. |
| Specific materiality for senior officers remuneration | 28,000 | We have identified senior officer remuneration as a balance where we will apply a lower materiality level, as these are considered sensitive disclosures. |
| Reporting threshold | 110,000 | Based on 5% of materiality. |

Overview of significant and other risks identified

Overview of audit risks

The below table summarises the significant and other risks discussed in more detail on the subsequent pages.

Significant risks are defined by ISAs (UK) as an identified risk of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum due to the degree to which risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement if that misstatement occurs.

Other risks are, in the auditor's judgement, those where the risk of material misstatement is lower than that for a significant risk, but they are nonetheless an area of focus for our audit.

| Risk title | Risk level | Change in risk since Audit Plan | Fraud risk | Level of judgement or estimation uncertainty |
|--|-------------|------------------------------------|------------|---|
| Risk 1 - Management override of controls* | Significant | ↔ | ✓ | Low |
| Risk 2 - The revenue cycle includes fraudulent transactions* | Rebutted | ↔ | ✗ | Low |
| Risk 3 - The expenditure cycle includes fraudulent transactions* | Rebutted | ↔ | ✗ | Low |
| Risk 4 - Valuation of land and buildings, including investment properties and council dwellings* | Significant | ↔ | ✗ | Medium |
| Risk 5 - Valuation of the pension fund net asset / liability* | Significant | ↔ | ✗ | High |
| Risk 6 – Implementation of IFRS16 Leases | Other | ↔ | ✗ | Medium |

- ↑ Assessed risk increase since Audit Plan
- ↔ Assessed risk consistent with Audit Plan
- ↓ Assessed risk decrease since Audit Plan

* We are unable to give full assurance due to application of the backstop

Significant risks

Risk identified

Management override of controls

Under ISA (UK) 240, there is a non-rebuttable presumption that the risk of management override of controls is present in all entities.

We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.

page 23 We note that journals are not approved in the financial system before being posted. Finance team members who have access to post journals can therefore self approve journals.

Audit procedures performed

We have:

- evaluated the design and implementation of management controls over journals;
- Review of accounting estimates, judgements and decisions made by management;
- analysed the journals listing and determined the criteria for selecting high risk unusual journals;
- identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration;
- gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness; and
- reviewed and tested transfers between the General Fund and HRA.

Key observations

During our audit work we noted that Finance Team members who have access to post journals can self approve journals as journals are not approved in the financial system. We also reported this in the prior year audit and have therefore left this recommendation open – see page 62.

We have tested 61 journals during the audit and our audit work has not identified any issues in respect of management override of controls.

We have noted no material adjustments or findings in relation to override of controls but are unable to give full assurance due to application of the backstop.

Significant risks

Risk identified

Presumed risk of fraud in revenue recognition

Under ISA (UK) 240, there is a rebuttable presumed risk of material misstatement due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud related to revenue recognition.

page 24

Audit procedures performed

We have completed a risk assessment of all revenue streams for the Authority. We have rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams, because:

- there is little incentive to manipulate revenue recognition;
- opportunities to manipulate revenue recognition are very limited; and
- the culture and ethical frameworks of public sector bodies, including the Authority, mean that all forms of fraud are seen as unacceptable.

Therefore, we do not consider this to be a significant risk for the Authority.

Key observations

Our risk assessment was reviewed throughout the audit and our assessment at planning remains consistent.

Our testing of income cut off has identified a sample that was pertaining for this financial year but has not been accrued for. This has resulted in an under statement of income of £133k. We have also noted a second sample item whereby an accrual has not been made where the invoice crosses over a month. 23 out of 25 samples have resulted in a satisfactory result. We have not extended our testing in this area as a disclaimer opinion is being issued, but we have raised a recommendation to management – see page 50.

Based on the above, we are comfortable that there is not a material risk of income recognition but are unable to give full assurance due to application of the backstop.

Significant risks

Risk identified

Presumed risk of fraud in expenditure recognition

Practice note 10: Audit of financial statements of Public Sector Bodies in the United Kingdom (PN10) states that the risk of material misstatement due to fraud related to expenditure may be greater than the risk of material misstatement due to fraud related to revenue recognition for public sector bodies.

page 25

Audit procedures performed

We have completed a risk assessment of all expenditure streams for the Authority. We have considered the risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams and concluded that there is not a significant risk, because:

- there is little incentive to manipulate expenditure recognition;
- opportunities to manipulate expenditure recognition are very limited; and
- the culture and ethical frameworks of public sector bodies, including the Authority, mean that all forms of fraud are seen as unacceptable.

Therefore, we do not consider this to be a significant risk for the Authority.

Key observations

Our risk assessment was reviewed throughout the audit and our assessment at planning remains consistent.

Our testing of expenditure cut off has identified two samples that were pertaining for this financial year but has not been accrued for. This has resulted in an under statement of expenditure of £666k. We have also noted a third sample item whereby an accrual has not been made where the invoice crosses over a month. 22 out of 25 samples have resulted in a satisfactory result. We have not extended our testing in this area as a disclaimer opinion is being issued, but we have raised a recommendation to management – see page 50.

Based on the above, we are comfortable that there is not a material risk of expenditure recognition but are unable to give full assurance due to application of the backstop.

Significant risks

Risk identified

Valuation of land and buildings, including investment properties and council dwellings

Land and buildings

The Council revalues its land and buildings on a rolling five-yearly basis at 31 December each year. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£104.5m as at 31 March 2025 and £102.9m at 31 March 2024) and the sensitivity of this estimate to changes in key assumptions.

The Council revalue its investment property on an annual basis as required by the CIPFA Code. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£3.125m as at 31 March 2025 and £2.9m as at 31 March 2024) and the sensitivity of this estimate to changes in key assumptions.

The Council revalues its housing stock (£284.085m as at 31 March 2025 and £284.9m at 31 March 2024) at 31 March each year, using the Beacon Methodology as required by the CIPFA Code.

Where a rolling programme is used, management will need to ensure the carrying value in the Council's financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date.

Management have engaged the services of a valuer to revalue the land and buildings, including investment properties and council dwellings as at 31 March 2025.

We therefore identified valuation of land and buildings, including investment properties and council dwellings as a significant risk.

Audit procedures performed

Land and buildings

We have:

- Evaluated management's processes and controls for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work;
- Evaluated the competence, capabilities and objectivity of the valuation expert;
- Written to the valuer to confirm the basis on which the valuation was carried out;
- Challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding, the Council's valuer's report and the assumptions that underpin the valuation;
- Evaluated the valuer's report to identify assets that have large and unusual changes and /or approaches to the valuation – these assets were substantively tested to ensure the valuations are reasonable;
- Tested a selection of other assets revaluations made during the year to see if they had been input correctly into the Council's asset register, revaluation reserve, and Statement of Comprehensive Income;
- Evaluated the assumptions made by management for any assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value;
- For all assets not formally revalued or revalued on a desktop/indexation basis only, evaluated the judgement made by management or others in determination of current value of these assets.

Key observations

Land and buildings

We challenged the underlying assumptions used by the valuer in determining his valuations. For specialised assets, this involved agreeing floor areas to site plans, agreeing build costs to national indices, including locality factors, reviewing the obsolescence and other costs included in the valuation process.

For non-specialised assets we agreed valuations to rental income records and challenged yield values in relation to nationally published data.

Whilst good progress has been made in our land and buildings testing, our work this year continues to identify issues that individually and cumulatively are indicative of material error. The main areas of concern relate to the valuation of your leisure facilities, play areas and your depreciation charges. Given the backstop from prior year, it was never going to be possible to regain full assurance over land and buildings in 2024/25 but a key action for 2025/26 will be for the Council to prioritise these areas to ensure they are correctly valued going forward.

Our audit findings are reported in the section on estimates and judgements on page 31.

Significant risks

| Risk identified | Audit procedures performed | Key observations |
|--|--|---|
| <p>Valuation of land and buildings, including investment properties and council dwellings - continued</p> <p><u>Investment Property</u></p> <p>The significant value of investment properties and the sensitivity to changes in assumptions.</p> | <p><u>Investment Property</u></p> <p>We have:</p> <ul style="list-style-type: none"> Evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to management's valuation experts and the scope of their work. Evaluated the competence, capabilities and objectivity of the valuation expert. Evaluated the valuer's report to identify assets that have large and/or unusual changes in value and/or approach to the valuation and subject those assets to testing. Challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding. Tested a sample of asset valuations to ensure that the correct accounting treatment has been applied and correctly reflected in the financial statements. | <p><u>Investment Property</u></p> <p>Our audit testing noted a difference between the value of investment property in the financial statements and the valuers report of £135k. This difference relates to the land element, which the Authority has included in Land and Buildings.</p> <p>Based on the above, we are comfortable that the closing balance for investment property is not materially misstated. But we are unable to give full assurance due to application of the backstop.</p> |

Significant risks

| Risk identified | Audit procedures performed | Key observations |
|---|--|--|
| <p>Valuation of land and buildings, including investment properties and council dwellings - continued</p> <p><u>Council Dwellings</u></p> <p>The Authority revalues its council dwellings on an annual basis (i.e., every 31 March) by adopting beacon valuation method and applying indices to those dwellings that are not formally valued.</p> | <p><u>Council Dwellings</u></p> <p>We have:</p> <ul style="list-style-type: none"> evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; evaluated the competence, capabilities, and objectivity of the Council's valuation expert; written to the valuer to confirm the basis on which the valuation was carried out; challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding; tested revaluations made during the year to see if they had been input correctly into the Authority's asset register; and evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value (fair value for surplus assets) at year-end; | <p><u>Council Dwellings</u></p> <p>The Council has revalued its council dwelling as at 31 March 2025 using the beacon valuation method in line with Stock Valuation for Resource Accounting: Guidance for valuers (2016). This approach involves selecting representative beacon properties, determining their market value, and applying these valuations across the wider portfolio.</p> <p>The Council identified 44 beacons across its housing stock, which represents different housing characteristics combined to identify a beacon that would represent a number of dwellings with similar type and size.</p> <p>For 2024/25, the Council's external valuer 'formally valued' 42 beacons. This represents 98% of the total beacons. The council uses a rolling revaluation programme in which one fifth of the authorities individual beacon sites will be visited each year, revaluing all beacons within the 5 year timeframe.</p> <p>Our audit findings are reported in the section on estimates and judgements on page 35.</p> |

Significant risks

Risk identified

Valuation of net pension liability

The Authority's share of the pension fund net liability, as reflected in its Balance Sheet as the net defined benefit liability, represents a significant estimate in the financial statements.

The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£3.6m in the Authority's Balance Sheet at 31 March 2025) and the sensitivity of the estimate to changes in key assumptions.

page 29
The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code. However, the Authority has had to consider the potential impact of 'IFRIC 14 IAS 19 - The Limit on a Defined Benefit Asset'. Because of this we have assessed the recognition and valuation of the pension asset as a significant risk. (continued on following page)

Audit procedures performed

We have:

- updated our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluated the design effectiveness of the associated controls;
- evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;
- assessed the competence, capabilities, and objectivity of the actuary who carried out the Council's pension fund valuation;
- assessed the accuracy and completeness of the information provided by the Council to the actuary to estimate its liability;
- tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary;
- undertook procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performed any additional procedures as suggested within the report; and

Key observations

We have received assurance from the auditors of pension fund. We have reviewed this and noted material difference between the benefits reported in the IAS 19 and the figures submitted by the Fund to the Actuary.

The pension fund auditor identified a projected understatement of £14.11m between the investment values recorded in the financial statements and the investment values confirmed by the Fund Manager. This relates to timing differences where the Fund Manager has information of the values at 31 March 2025 at the time of audit which was not available at the time the Fund is preparing the accounts. This is reported as an unadjusted misstatement in the Audit Findings Report of the Fund.

Based on projections, we estimate this would impact the Council's reported share of pension fund assets by approximately £0.298m. This amount is not material; therefore, no further work or adjustments are proposed.

A further understatement of £17.6m was identified due to the omission of long-term investments in the data submitted to the actuary. we estimate this would impact the Council's reported share of pension fund assets by approximately £371k. This amount is not material; therefore, no further work or adjustments are proposed. We have confirmed that the impact of IFRIC 14 was appropriately considered and reflected in the net pensions liability figure.

Significant risks

Risk identified

Valuation of net pension liability (continued)

The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.

The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary.

A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in the calculation. With regard to these assumptions, we have therefore identified valuation of the Authority's net pension liability/asset as a significant risk.

Audit procedures performed

- obtained assurances from the auditor of Devon Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

Key observations

Our work is now complete in this area. Based on the above, we are comfortable that there is not a material risk over the IAS19 closing position but are unable to give full assurance over in year and opening balances due to application of the backstop.

Other findings

Other areas impacting the audit

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan.

| Issue | Commentary | Auditor view |
|-------------------------------------|--|--|
| Cybersecurity <p>page 32</p> | <p>We note that the Authority does not have a formal policy covering cybersecurity, but rather adopts Strata's policy.</p> <p>We specifically note the following areas of cybersecurity should be reviewed to identify and implement additional measures as required:</p> <ul style="list-style-type: none"> • Third party supplier IT system / data access • Data security including personal data • Staff cyber awareness and training • IT system user access management • System and network security <p>In addition our audit work has noted that several of the Authority's IT policies such as AI Acceptable Use Policy and BYOD policy are dated June 2024 with a declaration that these are reviewed and updated every four months. These reviews have not been undertaken as at the date of drafting this report.</p> | <p>Based on statistics released by the Department for Science, Innovation and Technology in April 2025, 43% of businesses report having experienced a cyber breach or attack in the last 12 months.</p> <p>High profile cyberattacks undermine trust in an organisation and can shatter hard won reputations. Organisations are also required under GDPR regulation to have appropriate safeguards over personal data they hold and can face large fines if an avoidable breach occurs.</p> <p>The majority of cyberattacks reported are unsophisticated and could be avoided through implementation of simple cybersecurity measures.</p> <p>Auditor view</p> <ol style="list-style-type: none"> 1. We recommend that management proactively assess the Authority's level of cyber risk exposure and put in place appropriate policies/safeguards as required in the areas highlighted. 2. We recommend that management undertakes a review of all IT policies currently in use to determine whether these need updating and prepare a schedule for how these will be maintained in future periods. <p>Management response</p> <p>Development in this area has been ongoing and has moved forward. For example, Strata have recently been reviewed on our cyber security and the outcome was really positive. We have also successfully undertaken staff cyber security training.</p> <p>We commit to review policies; this is underway with our Artificial Intelligence policy already under review.</p> |

Other areas impacting the audit

Issue

IFRS 16 implementation

The adoption of IFRS 16 is required for local government authorities at 1 April 2024. We would expect audited bodies to disclose the implementation of the new accounting standard requirements, the nature of the changes in accounting policy for leases, along with the impact of IFRS 16 on transition.

page 33

Commentary

As set out in the Audit Plan, the focus of our work in respect of the implementation of this new standard was completeness.

Our work focussed on the Council's evidence provided to demonstrate all potential lease arrangements likely to fall within this standard had been identified. Whilst our work concluded that most likely assets by type had been identified including:

- Material operating lease commitments for Property and vehicles
- Peppercorn lease arrangements

For a number of the less likely categories including:

- Non-trivial lease arrangements for small items i.e. credit card machines
- Strata arrangements for IT equipment

The Council indicated that no such IFRS16 arrangements existed but were unable to support this with any evidence demonstrating sufficient work had been done.

Auditor view

Management should ensure that the process used to assess the completeness of hire arrangements and potential leases is formally documented and retained. This should include the procedures performed, data sources reviewed, key judgments applied, and conclusions reached.

Management response

Agree

Other findings – significant matters

| Issue | Commentary |
|---|---------------------------|
| Significant events or transactions that occurred during the year | No matters to communicate |
| Business conditions affecting the Authority, and business plans and strategies that may affect the risks of material misstatement | No matters to communicate |
| Concerns about management's consultations with other accountants on accounting or auditing matters | No matters to communicate |
| Discussions or correspondence with management in connection with the initial or recurring appointment of the auditor regarding accounting practices, the application of auditing standards, or fees for audit or other services | No matters to communicate |
| Significant matters on which there was disagreement with management, except for initial differences of opinion because of incomplete facts or preliminary information that are later resolved by the auditor obtaining additional relevant facts or information | No matters to communicate |
| Other matters that are significant to the oversight of the financial reporting process | No matters to communicate |
| Prior year adjustments identified | No matters to communicate |

Other findings – accounting policies

| Accounting area | Summary of policy | Comments | Assessment |
|--|--|---|--|
| Revenue recognition | The revenue recognition policies included within the financial statements are appropriate and in accordance with the Code. | No matters to report. | No overall conclusion formed this year, as our opinion has been disclaimed |
| Expenditure recognition | The expenditure recognition policies included within the financial statements are appropriate and in accordance with the Code. | No matters to report. | No overall conclusion formed this year, as our opinion has been disclaimed |
| Valuation methods | Valuation methods are appropriate and in accordance with the Code. | No matters to report. | No overall conclusion formed this year, as our opinion has been disclaimed |
| Other critical policies | All accounting policies are appropriate and in accordance with the Code. | No matters to report. | No overall conclusion formed this year, as our opinion has been disclaimed |
| Additions to Property, Plant and Equipment | The policy states that “a deminimus level of £20,000 has been agreed for Capital Expenditure. Any costs below are charged to revenue.” | However during our audit testing we noted several assets with a value of less than £20,000 being added as Capital Expenditure, which does not comply with the accounting policy. The total of these new additions was £207k. We have raised a recommendation to management in respect of this non-compliance – see page 53. | No overall conclusion formed this year, as our opinion has been disclaimed |

Other findings – key judgements and estimates

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

Assessment:

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Amber] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

| Key judgement or estimate | Summary of management's approach | Auditor commentary | Assessment | |
|---|---|--|--|--|
| <p>Valuation of land and buildings, including investment properties and council dwellings</p> <p>Land and buildings £104.536m at 31 March 2025.</p> <p>Investment properties £3.125m at 31 March 2025.</p> <p>Council dwellings £284.085m at 31 March 2025.</p> | <p><u>Land and buildings</u></p> <p>Other land and buildings comprises £45m of specialised assets such as schools and libraries, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings (£59.5m) are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. The Authority has an internal valuer to complete the valuation of properties as at 31 December 2024 on a five yearly cyclical basis. 84% of total assets were revalued during 2024/25.</p> <p>Management have considered the potential valuation change for those assets revalued in prior years, to determine whether there has been a change in the total value of these properties as at 31 March 2024. Management's assessment of asset valuation over this period has identified no material change to the value of these assets.</p> | <p><u>Land and buildings</u></p> <p>We have carried out the following work in relation to this estimate in line with the revised ISA540 requirements:</p> <ul style="list-style-type: none"> • Assessed management's expert to ensure suitably qualified and independent; • Assessed the completeness and accuracy of the underlying information used to determine the estimate; • Assessed the appropriateness of any alternative site assumptions; • Assessed the impact of any changes to valuation method; and • Assessed adequacy of disclosure of estimate in the financial statements. <p>During our audit work, we identified that five leisure facilities were selected for testing. Three of these facilities do not include swimming pools; however, all three had been valued using a build cost applicable to leisure facilities with swimming pools. We challenged the valuer on the appropriateness of applying the same rate and were advised that this reflected valuer judgement. We subsequently recalculated the valuations for the three facilities using a build rate that excludes swimming pool provision and identified an estimated valuation variance of £2.1m, as a result it is not recorded as an error. We have therefore raised a recommendation to Management – see page 55.</p> | <p>● Red</p> <p>We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated.</p> | <p>No overall conclusion formed this year, as our opinion has been disclaimed.</p> |

Other findings – key judgements and estimates

| Key judgement or estimate | Summary of management's approach | Auditor commentary | Assessment |
|--|---|--|------------|
| Valuation of land and buildings, including investment properties and council dwellings - p age 37 | The total year end valuation of land and buildings was £104.526m, a net increase of £1.6m from 2023/24 (£102.891m). | <p>In performing the reconciliation of other land and buildings between the valuation report, fixed asset register and financial statements, the audit team noted that the valuations are performed as at 31 December 2024. As the valuation date of 31st December was 3 months before the year end date of 31st March, consideration was given by the valuer to any factors which would have led to a material difference between the values reported and those as at 31st March. The valuer was of the view that there would not be any material impact on the figure reported between valuation date and 31 March 2025. However, Management appear to have applied depreciation on 31 December values for the remaining 3 months, which have created a material difference between the valuers report at the valuation date and 31 March 2025. The value of depreciation applied is £2.9m and the net value of revalued assets as at 31 March 2025 is £1.9m less than the 31 December value, however Management are unable to provide an explanation for the differences. We would recommend the management to review their assets revalued at the year end and ensure that the year end values reported are not materially different than the values reported by the experts, where the date of valuation is different than the year end date and has confirmation from the valuers that they are no factors which would result in a difference. See page 57 for recommendation made to Management.</p> <p>In our testing of various assumptions under other land and buildings revaluation, we have identified that play areas are revaluated on DRC basis. The valuation involves estimation received from the engineers for equipment, installation, safety surfacing and fencing. The valuers are not able to provide the underlying calculation or supporting evidence, with respect to these estimates, hence, the audit team is unable to gain an assurance over the valuation of these assets. In the absence of underlying calculations, the audit team is unable to comment if these are valued in line with RICS guidance for DRC valuation. Hence, we would recommend the council to share the copy of underlying calculation and evidence with the audit team. See page 55 for recommendation made to Management.</p> | |

Other findings – key judgements and estimates

| Key judgement or estimate | Summary of management's approach | Auditor commentary | Assessment |
|--|----------------------------------|---|------------|
| Valuation of land and buildings, including investment properties and council dwellings – continued | | <p>During our testing of other land and buildings, we tested the valuation of car parks. Car parks were valued on an Existing Use Value (EUV) using the income approach. The valuation involves taking the average car park income for the last three years. The audit team noted difference in the average car park income which was observed by the auditor as being downloaded from the car park portal and the value used by the valuer. In our testing of 8 car park samples, we have noted a total estimation difference on £980k (undervalued), whilst we have not recorded this an error the difference needs to be understand before full assurance can be provided. We have therefore made a recommendation to Management – see page 61.</p> <p>In accordance with the CIPFA code, not all assets are revalued every financial year. In 2024/25, £17m of assets were not revalued. We challenged Management to provide an assessment that these unvalued assets were not materially misstated as at 31 March 2025. Management were unable to provide such an assessment. We have therefore made a recommendation to Management – see page 59.</p> | |

Other findings – key judgements and estimates

| Key judgement or estimate | Summary of management's approach | Auditor commentary | Assessment |
|--|--|--|---|
| Valuation of land and buildings, including investment properties and council dwellings - continued | <p><u>Investment properties</u></p> <p>The Authority holds one investment property. The Authority instructed internal valuer to re-value this property at the year end.</p> <p>The total year end valuation of investment properties was £3.125, a net increase of £0.025m from 2023/24 (£3.1m).</p> | <p><u>Investment properties</u></p> <ul style="list-style-type: none"> Assessed management's expert to ensure suitably qualified and independent; Assessed the completeness and accuracy of the underlying information used to determine the estimate; Assessed the impact of any changes to valuation method; and Assessed adequacy of disclosure of estimate in the financial statements. <p>Our audit testing noted a difference between the value of investment property in the financial statements and the valuers report of £135k. This difference relates to the land element, which the Authority has included in Land and Buildings.</p> | <p>● Green</p> <p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious.</p> <p>No overall conclusion formed this year, as our opinion has been disclaimed.</p> |

Other findings – key judgements and estimates

| Key judgement or estimate | Summary of management's approach | Auditor commentary | Assessment |
|--|--|---|---|
| Valuation of land and buildings, including investment properties and council dwellings - continued | <p><u>Council dwellings</u></p> <p>The Authority owns 44 dwellings and revalues these properties in accordance with DCLG's Stock Valuation for Resource Accounting guidance. The guidance stipulates that either the use of beacon methodology or discounted cash flow can be used to value council dwelling properties.</p> <p>The Authority has engaged the Valuations Office Agency to complete the valuation of these properties. The year end valuation of council dwellings was £284.085m, a net decrease £0.906m of from 2023/24 (£284.991m).</p> | <p><u>Council dwellings</u></p> <p>We have carried out the following work in relation to this estimate:</p> <ul style="list-style-type: none"> assessed management's expert to ensure they are suitably qualified and independent; tested, on sample basis, the valuation against publicly available market information of similar dwellings; tested, on sample basis, the appropriateness of allocation of beacons to non-beacon properties; for material correctness at year-end, assessed the consistency of the estimate against national indices as verified to supporting data; and assessed the adequacy of the disclosure of the estimate in the financial statements. <p>Our audit testing involves establishing similar properties with similar characteristics are identified against a beacon given the valuation of beacon is applied to the residual population. We note that the similar characteristics include size, location and type. Our testing identified some properties where the location differed significantly between assets within the same beacon. We have therefore raised a recommendation to Management – see page 60.</p> <p>Our audit testing also noted that the Council have recorded non-enhancing capital expenditure as additions and to ensure that the year end valuation agrees with the valuers report, an adjustment has been made, with the total being taken to the revaluation reserve. However, in accordance with the CIPFA Code, the correct accounting treatment should have been that Management evaluate what items should be de-recognised with this amount being taken to the Capital Adjustment Account and any difference compared to the valuers report and an adjustment made to the revaluation reserve at that point. Additionally, as the Council values each of the properties according to their address, the additions, de-recognition and revaluation should also be conducted on an asset by asset basis, rather than in totality. We have therefore raised a recommendation to Management – see page 60.</p> <p>Whilst we now have more assurance over Council Dwelling Valuations testing more work is required by the Council in 2025/26 to ensure similar levels of valuation coverage whilst addressing our recommendations to ensure full assurance is regained as soon as possible.</p> | <p>● Red</p> <p>We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated.</p> <p>No overall conclusion formed this year, as our opinion has been disclaimed.</p> |

Other findings – key judgements and estimates

| Key judgement or estimate | Summary of management's approach | Auditor commentary | Assessment | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|---|---|---------------|-----------|------------|---------------|------|------------|------------|-----------------------|-------|-------------|------------|---------------|-------|-------------|------------|--|-----------|-----------------------|------------|--|-----------|-----------------------|------------|---|
| Valuation of net pension liability | The Council's net pension liability at 31 March 2025 is £3.65m (PY £3.89m) comprising the Devon County Council Local Government Pension Scheme. The Council uses Barnett Waddingham to provide actuarial valuations of the Council's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years. | <p>We have carried out the following work in relation to this estimate:</p> <ul style="list-style-type: none"> Assessment of management's expert Assessment of actuary's approach taken, detail work undertaken to confirm reasonableness of approach Use of PwC as auditors expert to assess actuary and assumptions made by actuary – use table to compare with actuary assumptions | We consider management's process is appropriate and key assumptions are neither optimistic or cautious. | | | | | | | | | | | | | | | | | | | | | | | | |
| £3.65m at 31 March 2025 | | <table border="1" data-bbox="1121 599 2101 1038"> <thead> <tr> <th data-bbox="1146 606 1512 685">Assumption</th><th data-bbox="1512 606 1653 685">Actuary value</th><th data-bbox="1653 606 1794 685">PwC range</th><th data-bbox="1794 606 2088 685">Assessment</th></tr> </thead> <tbody> <tr> <td data-bbox="1146 685 1512 735">Discount rate</td><td data-bbox="1512 685 1653 735">5.8%</td><td data-bbox="1653 685 1794 735">5.6%-5.95%</td><td data-bbox="1794 685 2088 735">Reasonable</td></tr> <tr> <td data-bbox="1146 735 1512 815">Pension increase rate</td><td data-bbox="1512 735 1653 815">2.90%</td><td data-bbox="1653 735 1794 815">2.85%-2.95%</td><td data-bbox="1794 735 2088 815">Reasonable</td></tr> <tr> <td data-bbox="1146 815 1512 865">Salary growth</td><td data-bbox="1512 815 1653 865">3.90%</td><td data-bbox="1653 815 1794 865">3.85%-3.95%</td><td data-bbox="1794 815 2088 865">Reasonable</td></tr> <tr> <td data-bbox="1146 865 1512 944">Life expectancy – Males currently aged 45/65</td><td data-bbox="1512 865 1653 944">21.4/22.7</td><td data-bbox="1653 865 1794 944">19.2-21.8 / 20.6-23.1</td><td data-bbox="1794 865 2088 944">Reasonable</td></tr> <tr> <td data-bbox="1146 944 1512 1023">Life expectancy – Females currently aged 45/65</td><td data-bbox="1512 944 1653 1023">22.7/24.1</td><td data-bbox="1653 944 1794 1023">22.7-24.3 / 24.1-25.7</td><td data-bbox="1794 944 2088 1023">Reasonable</td></tr> </tbody> </table> | Assumption | Actuary value | PwC range | Assessment | Discount rate | 5.8% | 5.6%-5.95% | Reasonable | Pension increase rate | 2.90% | 2.85%-2.95% | Reasonable | Salary growth | 3.90% | 3.85%-3.95% | Reasonable | Life expectancy – Males currently aged 45/65 | 21.4/22.7 | 19.2-21.8 / 20.6-23.1 | Reasonable | Life expectancy – Females currently aged 45/65 | 22.7/24.1 | 22.7-24.3 / 24.1-25.7 | Reasonable | No overall conclusion formed this year, as our opinion has been disclaimed. |
| Assumption | Actuary value | PwC range | Assessment | | | | | | | | | | | | | | | | | | | | | | | | |
| Discount rate | 5.8% | 5.6%-5.95% | Reasonable | | | | | | | | | | | | | | | | | | | | | | | | |
| Pension increase rate | 2.90% | 2.85%-2.95% | Reasonable | | | | | | | | | | | | | | | | | | | | | | | | |
| Salary growth | 3.90% | 3.85%-3.95% | Reasonable | | | | | | | | | | | | | | | | | | | | | | | | |
| Life expectancy – Males currently aged 45/65 | 21.4/22.7 | 19.2-21.8 / 20.6-23.1 | Reasonable | | | | | | | | | | | | | | | | | | | | | | | | |
| Life expectancy – Females currently aged 45/65 | 22.7/24.1 | 22.7-24.3 / 24.1-25.7 | Reasonable | | | | | | | | | | | | | | | | | | | | | | | | |

IFRIC 14 addresses the extent to which an IAS 19 surplus can be recognised on the Balance Sheet as an asset and whether any additional liabilities are required in respect of onerous funding commitments.

- Completeness and accuracy of the underlying information used to determine the estimate
- Impact of any changes to valuation method
- Reasonableness of the Authority's share of LGPS pension assets.
- Reasonableness of increase/decrease in estimate
- Adequacy of disclosure of estimate in the financial statements

Other findings – key judgements and estimates

| Key judgement or estimate | Summary of management's approach | Auditor commentary | Assessment |
|---------------------------|----------------------------------|--|------------|
| Minimum revenue provision | TBC | <p>Our work is on-going in this area. We note that the current year MRP is £937k which when considered alongside the closing the Capital Financing Requirement (a proxy for Council debt) appears low. We have challenged management as to the basis of this calculation to demonstrate that this provision is prudent. Going forward the Council will need to demonstrate that not just future years MRP remain prudent but also the charges for the period over which the backstop opinion was applied – see page 58 for recommendation.</p> <p>At the time of drafting this report, we are awaiting responses to queries from Management.</p> | TBC |

Other findings – Information Technology

This section provides an overview of results from our assessment of the Information Technology (IT) environment and controls therein which included identifying risks from IT related business process controls relevant to the financial audit. This table below includes an overall IT General Control (ITGC) rating per IT application and details of the ratings assigned to individual control areas.

page 43

| IT application | Level of assessment performed | Overall ITGC rating | ITGC control area rating | | |
|-------------------------------|--|---------------------|--------------------------|---|---------------------------|
| | | | Security management | Technology acquisition, development and maintenance | Technology infrastructure |
| E-financials - General Ledger | ITGC assessment (design, implementation and operating effectiveness) | ● Green | ● Green | ● Green | ● Green |
| i-Trent Payroll | ITGC assessment (design and implementation effectiveness only) | ● Green | ● Green | ● Green | ● Green |
| CIFPA – Fixed Asset System | ITGC assessment (design and implementation effectiveness only) | ● Green | ● Green | ● Green | ● Green |

Assessment:

- [Red] Significant deficiencies identified in IT controls relevant to the audit of financial statements
- [Amber] Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
- [Green] IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
- [Black] Not in scope for assessment

Communication requirements and other responsibilities

Other communication requirements

| Issue | Commentary |
|---|---|
| Matters in relation to fraud | We have previously discussed the risk of fraud with the Audit and Governance Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures. |
| Matters in relation to related parties | We are not aware of any related parties or related party transactions which have not been disclosed. |
| Matters in relation to laws and regulations | You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work. |
| Written representations | A letter of representation will be requested from the Council. |
| Confirmation requests from third parties | We requested from management permission to send confirmation requests to the Council's bankers, lenders and borrowers. This permission was granted, and the requests were sent. All of these requests were returned with positive confirmation. |
| Disclosures | Our review found no material omissions in the financial statements. |
| Audit evidence and explanations | All information and explanations requested from management was provided. |
| Significant difficulties | No significant challenges were experienced during the audit. |
| Other matters | There are no other matters we wish to bring to your attention. |

Other responsibilities

Issue

Commentary

Going concern

In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2024). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.

Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:

- The use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities
- For many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Authority's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report.

(continued)

Other responsibilities

| Issue | Commentary |
|---------------|--|
| Going concern | <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Authority meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none">• the nature of the Authority and the environment in which it operates• the Authority's financial reporting framework• the Authority's system of internal control for identifying events or conditions relevant to going concern• management's going concern assessment. <p>However, as this year's audit will be disclaimed, we have not been able to obtain sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none">• a material uncertainty related to going concern has not been identified• management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. |

Other responsibilities

| Issue | Commentary |
|--|--|
| Other information | <p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to consider whether the Annual Governance Statement does not comply with 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit.</p> |
| Matters on which we report by exception page 48 | <p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, if we have applied any of our statutory powers or duties. where we are not satisfied in respect of arrangements to secure value for money and have reported [a] significant weakness/es. <p>We have nothing to report on these matters.</p> |

Other responsibilities

| Issue | Commentary |
|---|--|
| Specified procedures for Whole of Government Accounts | <p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>Note that work is not required as the Council does not exceed the threshold.</p> |
| Certification of the closure of the audit | <p>We intend to delay the certification of the closure of the 2024/25 audit of East Devon County Council in the audit report, as detailed in Appendix E, due to completion of the whole of government accounts work and receiving confirmation from the National Audit Office.</p> |

Audit adjustments

Audit adjustments

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

TBC

Audit adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

| Disclosure | Misclassification or change identified | Adjusted? |
|------------------------|---|-----------|
| Officers' Remuneration | During our review of Note 17 – Officers' Remuneration, we identified that two positions (job titles) are disclosed in the note with no remuneration paid during the year. | ✓ |
| Officers' Remuneration | During our review of Note 17 – Officers' Remuneration, we identified that a Lieu of Notice and Settlement Payment totalling £23,153 was omitted from the remuneration disclosed for the Assistant Director – Housing, resulting in an understatement of gross pay. The correct amount should be £67,415.66, compared to the currently disclosed £44,262. We recommend that an update is made for the remuneration of the Assistant Director – Housing to reflect the correct gross pay of £67,415.66, | ✓ |
| Officers' Remuneration | Our review of the employees earning more than £50k banding remuneration note identified an error in the allocation of officers to the appropriate remuneration band. Management excluded an A Lieu of Notice payment and a Settlement Payment totalling £23,153 for the Assistant Director – Housing. As a result, the individual's gross remuneration was incorrectly assessed as being below £50,000 for banding purposes. The corrected total remuneration is £67,415.66, meaning the Assistant Director – Housing should be included within the £65k–£70k band. | ✓ |
| Contingent liabilities | The draft financial statements do not include a disclosure for the Virgin Media case. | ✓ |
| Investment property | The investment property is revalued at fair value and the disclosure needs to be in line with code 2.10 Fair value measurement. This disclosure is currently not included in the draft financial statements. | ✓ |
| Throughout | A number of typographical errors have been identified throughout the financial statements. | ✓ |

Audit adjustments

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the audit which have not been made within the final set of financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below.

| Detail | Comprehensive Income and Expenditure Statement | £'000 | Balance Sheet | Impact on | Impact on |
|--|---|----------|---|---|----------------|
| | | | | total net expenditure | general fund |
| Projected overstatement of the Council's net defined benefit liability – see page 24 for further details. | Remeasurement of the net defined benefit liability (371) IFRIC 14 adjustment 371 | | Remeasurement of the net defined benefit liability 371 IFRIC 14 adjustment (371) | Nil | Nil |
| page 53 | | | | | |
| Management appear to have applied depreciation on 31 December values for the remaining 3 months, which have created a material difference between the valuers report at the valuation date and 31 March 2025. | | | - PPE 2,900 Depreciation (2,900) | PPE 2,900 Depreciation (2,900) | Nil Nil |
| Our audit testing of Investment Properties noted a difference between the value of investment property in the financial statements and the valuers report of £135k. This difference relates to the land element, which the Authority has included in Land and Buildings. | | | - Investment Property 135 Other Land and Buildings (135) | Investment Property 135 Other Land and Buildings (135) | Nil Nil |
| Audit fees – we are currently working with Management to ensure that the correct level of audit fee is disclosed in the financial statements. | | TBC | | TBC | TBC |
| Overall impact of current year unadjusted misstatements | | 0 | | 0 | 0 |

Impact of unadjusted misstatements in the prior year

The prior year audit was subject to a backstopped disclaimed audit opinion and the audit work was not completed. Therefore there are no prior year unadjusted misstatements to consider.

Action plan

We set out here our recommendations for the Authority which we have identified as a result of issues identified during our audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

| Assessment | Issue and risk | Recommendations |
|--|---|--|
| ● Low | <p>Income completeness</p> <p>During our testing of bank receipts, we noted a sample pertaining to 2024/25 that was not accrued correctly as at 31 March 2025. The value of this error is £133k.</p> <p>We have also identified in our invoices raised testing, that one item has not been recorded in the correct period as the invoice spans two financial years. An accrual should have been made to remove the proportion of the income that relates to 2025/26.</p> | <p>We recommend that management undertake a review of income cut-off procedures to ensure that income is recorded in the correct financial year.</p> <p>Management response</p> <p>Agreed</p> |
| ● Low | <p>Expenditure completeness</p> <p>During our testing of invoices received, we noted two samples that were pertaining for this financial year but has not been accrued for. This has resulted in an under statement of expenditure of £666k.</p> <p>We have also noted a third sample item whereby an accrual has not been made where the invoice crosses over a month.</p> | <p>We recommend that management undertake a review of expenditure cut-off procedures to ensure that expenditure is recorded in the correct financial year.</p> <p>Management response</p> <p>Agreed</p> |

Key

- High – Significant effect on control system and/or financial statements
- Medium – Limited impact on control system and/or financial statements
- Low – Best practice for control systems and financial statements

Action plan - continued

| Assessment | Issue and risk | Recommendations |
|--|--|--|
| ● Low | <p>Cyber Security</p> <p>The council does not have a written cyber security policy in place. The council adopts their IT service organisation, Strata, cyber security policy.</p> | <p>We would therefore recommend that Management produce a cybersecurity policy which is independent of Strata.</p> |
| ● Low | <p>Cyber Security - AI</p> <p>Some of the council's IT policies like AI Acceptable Use policy, BYOD policy, are dated June 2024 and states that they should be reviewed every four months. However, the policy had not been reviewed since it was written. Additionally, the council does not have their own written policy for password, training, data protection etc. They follow the policy adopted by their IT partner, Strata.</p> | <p>We would therefore recommend that Management undertake a review of IT policies to determine if any additional policies should be produced as well as ensuring that the review of these are timely and in accordance with the review policies.</p> <p>Management response</p> <p>We commit to review policies; this is underway with our Artificial Intelligence policy already under review.</p> |

Key

- High – Significant effect on control system and/or financial statements
- Medium – Limited impact on control system and/or financial statements
- Low – Best practice for control systems and financial statements

Action plan - continued

| Assessment | Issue and risk | Recommendations |
|--|--|--|
| ● Low | <p>Timely Bank reconciliation</p> <p>During our audit work we noted that the bank reconciliations are not performed regularly. Bank reconciliation journals are prepared on a weekly basis to move cash between the nominal ledger codes, however a reconciliation such as comparing to bank statements and listing reconciling items is not prepared until the year end.</p> | <p>We would therefore recommend to ensure that the bank reconciliations are prepared and reviewed on a timely basis.</p> <p>Management response</p> <p>Agreed, new bank reconciliation process now in place for timely preparation and review. The new process is due to be reviewed by internal audit.</p> |
| ● Low | <p>User access rights</p> <p>The system administrator access on e-Financials are given to individuals in the finance team who have the ability to assign roles but cannot add or remove users. Based on our assessment, these Super User Accounts are not of high risk to the integrity of the internal control system as they cannot change user access rights for themselves or others, however they do have the ability to assign roles to team members.</p> | <p>We would therefore recommend that Management undertake a review of the super user access for e-Financials to determine whether these are appropriate and the Council has adequate protection in place to prevent misuse of these roles.</p> <p>Management response</p> <p>Agreed</p> |

Key

- High – Significant effect on control system and/or financial statements
- Medium – Limited impact on control system and/or financial statements
- Low – Best practice for control systems and financial statements

Action plan - continued

| Assessment | Issue and risk | Recommendations |
|--|---|---|
| ● Low | <p>Capital expenditure</p> <p>As per the accounting policy, a de minimis threshold of £20,000 has been set for capital expenditure. Any costs below this amount should be charged to revenue. However, during our review of the Fixed Asset Register (FAR), we noted that transactions below £20,000 have been capitalised as PPE. This appears inconsistent with the council's accounting policy.</p> | <p>We would therefore recommend Management ensure that a process is put in place to ensure that accounting policies are followed.</p> <p>Management response</p> <p>Agreed</p> |
| ● Low | <p>Omission of bank account</p> <p>Upon checking the bank confirmations, we noted that there was a balance on one account of £4k which has not been included within the Council's ledgers. This is due to a timing difference but hasn't been recorded in the Council's financial statements as at 31 March 2025.</p> | <p>We would therefore recommend that Management review all the bank accounts and ensure these are captured in the council's ledgers in a timely manner.</p> <p>Management response</p> <p>Agreed</p> |

page 58

Key

- High – Significant effect on control system and/or financial statements
- Medium – Limited impact on control system and/or financial statements
- Low – Best practice for control systems and financial statements

Action plan - continued

| Assessment | Issue and risk | Recommendations |
|--|--|--|
| ● Low | <p>Accumulation of reconciling bank items</p> <p>During the audit we noted that outstanding bankings are not cleared down periodically and are accumulating in the nominal ledger codes. These codes therefore have balances over £100m and net off to the actual year end reconciling items.</p> | <p>We would recommend that nominal ledger codes are cleared down periodically as part of the bank reconciliation process.</p> <p>Management response</p> <p>Agreed</p> |
| ● Low | <p>REFCUS</p> <p>During the audit we noted that S106 transactions were incorrectly classified as REFCUS. The value of this error is £50k.</p> | <p>We would therefore recommend that Management review the process for recording S106 transactions in the ledgers and financial statements to ensure that these are correctly captured.</p> <p>Management response</p> <p>TBC</p> |
| ● Low | <p>IFRS 16 Implementation</p> <p>Management have been unable to provide sufficient evidence to support the review undertaken to determine that the Council does not have lease arrangements of non-trivial value other than vehicles or property which falls under IFRS16. In the absence of appropriate documentation, we were unable to verify the robustness of management's assessment process.</p> | <p>We recommend that Management should ensure that the process used to assess the completeness of hire arrangements and potential leases is formally documented and retained. This should include the procedures performed, data sources reviewed, key judgments applied, and conclusions reached.</p> <p>Management response</p> <p>Agreed</p> |

Key

- High – Significant effect on control system and/or financial statements
- Medium – Limited impact on control system and/or financial statements
- Low – Best practice for control systems and financial statements

Action plan - continued

| Assessment | Issue and risk | Recommendations |
|--|---|--|
| ● Low | <p>Other Land and Buildings (OLB) revaluation</p> <p>As part of the valuation, the in-house valuer has used build cost rates and upon review we have determined that alternative build costs may be more appropriate. The difference across the sample from using the alternative build cost rates is £2.1m.</p> | <p>While we understand that management uses an internal expert for revaluation of assets, we would recommend that management also check and challenge the expert and review the valuation report to ensure that management is comfortable with the assumptions and final valuation.</p> <p>Management response</p> <p>Agreed</p> |
| ● Low | <p>Other Land and Buildings (OLB) revaluation</p> <p>In our testing of various assumptions under OLB revaluation, we have identified that play areas are revaluated on DRC basis. The valuer has obtained this information from in-house engineers from within the Council, but no supporting information was provided. No evidence of how this valuation was made is therefore available to test. The total value of these assets is £925,000.</p> | <p>In absence of underlying calculations and supporting evidence, the audit team is unable to comment if these assets are valued in line with RICS guidance for a DRC valuation.</p> <p>Hence, we would recommend that management must ensure that sufficient and appropriate evidence is retained by the Council to support valuations.</p> <p>Management response</p> <p>Agreed</p> |

Key

- High – Significant effect on control system and/or financial statements
- Medium – Limited impact on control system and/or financial statements
- Low – Best practice for control systems and financial statements

Action plan - continued

| Assessment | Issue and risk | Recommendations |
|--|--|---|
| ● Low | <p>Investment property reclassification of land</p> <p>Our audit testing noted a difference between the value of investment property in the financial statements and the valuers report of £135k. This difference relates to the land element, which the Authority has included in Land and Buildings. This is a reclassification error and the land should be shown along with the investment property.</p> | <p>We would recommend that management ensure land is shown under investment property in the financial statements.</p> <p>Management response</p> <p>Agreed</p> |

Key

- High – Significant effect on control system and/or financial statements
- Medium – Limited impact on control system and/or financial statements
- Low – Best practice for control systems and financial statements

Action plan - continued

| Assessment | Issue and risk | Recommendations |
|--|---|---|
| ● Low | <p>Reconciliation of Other Land and Buildings</p> <p>In performing the reconciliation of other land and buildings between the valuation report, fixed asset register and financial statements, the audit team noted that the valuation was performed as at 31 Dec 2024. As the valuation date of 31st December was 3 months before the year end date of 31st March, consideration was given by the valuer to any factors which would have led to a material difference between the values reported and those at 31st March. The valuer was of the view that there would not be any material impact on the figure reported between valuation date and 31 March 2025. However, the Council seems to have applied depreciation on 31 December values for the remaining 3 months, which has created a material difference between the valuers report at the valuation date and 31 March 2025. The value of depreciation applied is £2.9m and the net value of revalued assets as at 31 March 2025 is £1.9m less than the 31 December value. We would recommend that management review their assets revalued at the year end and ensure that the year end values reported are not materially different than the values reported by the experts, in case the date of valuation is different than the year end date.</p> | <p>We would recommend that management review their assets revalued at the year end and ensure that the year end values reported are not materially different than the values reported by the experts.</p> <p>Management response</p> <p>Agreed</p> |

Key

- High – Significant effect on control system and/or financial statements
- Medium – Limited impact on control system and/or financial statements
- Low – Best practice for control systems and financial statements

Action plan - continued

| Assessment | Issue and risk | Recommendations |
|--|---|---|
| ● Low | <p>Debtors and Creditors</p> <p>As part of our standard audit procedures, we requested a listing of debtors and creditors as at 31 March 2025. Management provided several iterations of these listings as the listings contained transactions rather than a listing of year end balances. When requested, Management should be able to provide a listing of who they owe and who owes the Council at the year end.</p> | <p>We would recommend that management reviews their year end procedures to ensure that the production of year end debtors and creditors listings are readily available for audit purposes.</p> <p>Management response</p> <p>TBC</p> |
| ● Low | <p>Minimum Revenue Provision (MRP)</p> <p>Our review of MRP noted that the current balance appears to be low given the level of Capital Financing Required.</p> | <p>We would recommend that management reviews the MRP policy in 2025/26 and where the backstopped approach has been applied to ensure that a prudent approach is taken.</p> <p>Management response</p> <p>TBC</p> |

Key

- High – Significant effect on control system and/or financial statements
- Medium – Limited impact on control system and/or financial statements
- Low – Best practice for control systems and financial statements

Action plan - continued

| Assessment | Issue and risk | Recommendations |
|--|--|---|
| ● Low | <p>Members declarations of interest</p> <p>As part of audit procedures we requested signed copies of the members declarations of interest. Management were however, unable to provide a signed declaration of interest for all of its members. This exposes the Council to the risk that a related party is not disclosed in the financial statements.</p> | <p>We would recommend that management reviews the procedures for obtaining signed declarations of interest and that adequate processes are in place to follow up any missing declarations.</p> <p>Management response</p> <p>TBC</p> |
| ● Low | <p>Assets not revalued.</p> <p>In accordance with the CIPFA code, not all assets are revalued every financial year. In 2024/25, £17m of assets were not revalued. We challenged Management to provide an assessment that these unvalued assets were not materially misstated as at 31 March 2025. Management were unable to provide such an assessment.</p> | <p>We would recommend that management prepare an assessment of whether unvalued assets are materially misstated as at the year end.</p> <p>Management response</p> <p>TBC</p> |

Key

- High – Significant effect on control system and/or financial statements
- Medium – Limited impact on control system and/or financial statements
- Low – Best practice for control systems and financial statements

Action plan - continued

| Assessment | Issue and risk | Recommendations |
|--|---|---|
| ● Low | <p>Beacons</p> <p>The CIPFA Code requires all Beacons to be formally revalued at least once every five years and further guidance prescribes different way to ensure that this requirement is being met. Based on our discussion with Management we note that the Council established beacons of similar properties with similar characteristics that are representative, where one property can be identified as a beacon and movements applied to the residual population. We note that the similar characteristics include size, location and type. Our testing identified some properties where the location differed significantly between assets within the same beacon.</p> | <p>We would recommend that management reviews its beacons and the properties matched against these and can demonstrate, with supporting evidence, that these are appropriate and fully complies with the requirements of the CIPFA Code going forward.</p> <p>Management response</p> <p>TBC</p> |
| ● High | <p>Council Dwellings – accounting treatment</p> <p>The Council have recorded non-enhancing capital expenditure as additions and to ensure that the year end valuation agrees with the valuers report, an adjustment has been made, with the total being taken to the revaluation reserve. However, in accordance with the CIPFA Code, the correct accounting treatment should have been that Management evaluate what items should be de-recognised with this amount being taken to the Capital Adjustment Account and any difference compared to the valuers report and an adjustment made to the revaluation reserve at that point. Additionally, as the Council values each of the properties according to their address, the additions, de-recognition and revaluation should also be conducted on an asset by asset basis, rather than in totality.</p> | <p>We would recommend that management:</p> <ol style="list-style-type: none"> 1. Reviews its accounting treatment of Council Dwellings to ensure that the appropriate nominal ledger codes are being used. 2. Undertakes an exercise to allocate the correct additions, de-recognition and revaluation against each asset. <p>Management response</p> <p>TBC</p> |

Key

- High – Significant effect on control system and/or financial statements
- Medium – Limited impact on control system and/or financial statements
- Low – Best practice for control systems and financial statements

Action plan - continued

| Assessment | Issue and risk | Recommendations |
|--|--|--|
| ● Low | <p>Car Park Valuation</p> <p>While testing the car park valuations, we noted that there was a difference between the average car park income as per the portal and the average value provided to the valuer. Providing incorrect information to the valuer means that the year end valuation produced will be incorrect.</p> | <p>We would recommend that management performs a documented check on the information provided to the valuers so that assurance is gained that the correct figures are provided to the valuer.</p> <p>Management response</p> <p>TBC</p> |

Key

- High – Significant effect on control system and/or financial statements
- Medium – Limited impact on control system and/or financial statements
- Low – Best practice for control systems and financial statements

Follow up of prior year recommendations

We identified the following issues in the audit of the Authority's 2023/24 financial statements, which resulted in three recommendations being reported in our 2023/24 Audit Findings Report. An update is set out below.

| Assessment | Issue and risk previously communicated | Update on actions taken to address the issue |
|------------|--|--|
| X | <p><u>Journals</u></p> <p>The Council does not have a process in place for the review of all the journal postings. There is a risk that inappropriate or incorrect journals could be posted as a result of a lack of review. We recommend that management considers implementing a review process to identify any incorrect journal posting.</p> | No progress has been made yet in this area and therefore we will keep the recommendation open. |
| ✓ | <p><u>Council Dwellings</u></p> <p>The audit team noted a difference of nearly £8m between the valuation report for Council Dwellings and the Fixed asset register. This £8m variance is related to the major repairs during the year in the council dwellings which should have been covered as part of the valuation. However, management has added the major repairs to the valuation figure and plan to reverse this in the following year. This is an incorrect accounting treatment as per the CIPFA code. We recommend that management provide the details of major repairs to the valuer such that this can be incorporated in the valuation report.</p> | <p>Management have ensured that there are no differences between the valuers report and the value included within the financial statements as at 31 March 2025.</p> <p>We have challenged Management to understand the accounting treatment of the £8m included within the opening balances and the £10m of current year major repairs. See page 35 for details of work performed for 2024/25.</p> |

Assessment

✓ Action completed

X Not yet addressed

Follow up of prior year recommendations - continued

| Assessment | Issue and risk previously communicated | Update on actions taken to address the issue |
|------------|--|---|
| X | <u>Bank Reconciliation</u> | <p>The audit team noticed 4 cash control accounts as part of bank reconciliation. The balance on these control accounts were £12.6m, -£107m, -£2.4m and £94.9m. These control accounts were netted off to reach at a net balance of £1.8m which was then included as part of the Council's bank reconciliation process. The audit team identified long standing bank reconciling items in these cash control accounts, some dating back to 2005. Due to not clearing down the balance of these control accounts, there was a difference in reconciliation of £124k. Upon enquiry, these control accounts appear not to be included within the Council's procedures for reconciling and clearing down as part of bank reconciliation procedures. We recommend that management reconcile these cash control accounts on a timely and regular basis.</p> |

Assessment

✓ Action completed

✗ Not yet addressed

Value for Money arrangements

Value for Money arrangements

Approach to Value for Money work for the year ended 31 March 2025

The National Audit Office issued its latest Value for Money guidance to auditors in November 2024. The Code requires auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Additionally, The Code requires auditors to share a draft of the Auditor's Annual Report (AAR) with those charged with governance by 30th November each year from 2024-25. Our draft AAR was reported to you on 18 September 2025 Audit and Governance Committee. An updated version of this report will be presented alongside this report to the January 2026 meeting of the Audit and Governance Committee.

In undertaking our work, we are required to have regard to three specified reporting criteria. These are as set out below.

page 70



Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.



Financial sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services.



Governance

How the body ensures that it makes informed decisions and properly manages its risks.

In undertaking this work we have identified a significant weakness in arrangements around Financial Sustainability in the Housing Revenue Account.

Independence considerations

Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers). In this context, there are no independence matters that we would like to report to you.

We are required to report to you details of any breaches of the requirements of the FRC Ethical Standard, and of any safeguards applied and actions we have taken to address any threats to independence. No such breaches have been identified.

- We confirm that we have implemented policies and procedures to meet the requirement of the Financial Reporting Council's Ethical Standard
- Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in February 2025 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Independence considerations

As part of our assessment of our independence we note the following matters:

| Matter | Conclusions |
|---|---|
| Relationships with Grant Thornton | We are not aware of any relationships between Grant Thornton and the Authority or group that may reasonably be thought to bear on our integrity, independence and objectivity. |
| Relationships and Investments held by individuals | We have not identified any potential issues in respect of personal relationships with the Authority. |
| Employment of Grant Thornton staff | We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Authority as a director or in a senior management role covering financial, accounting or control related areas. |
| Business relationships | We have not identified any business relationships between Grant Thornton and the Authority. |
| Contingent fees in relation to non-audit services | No contingent fee arrangements are in place for non-audit services provided. |
| Gifts and hospitality | We have not identified any gifts or hospitality provided to, or received from, a member of the Authority, senior management or staff (that would exceed the threshold set in the Ethical Standard). |

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

Fees and non-audit services

The following tables below sets out the total fees for audit and non-audit services that we have been engaged to provide or charged from the beginning of the financial year to December 2025, as well as the threats to our independence and safeguards have been applied to mitigate these threats.

The below non-audit services are consistent with the Authority's policy on the allotment of non-audit work to your auditor.

None of the below services were provided on a contingent fee basis.

For the purposes of our audit we have made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to East Devon District Council. The table summarises all non-audit services which were identified. We have adequate safeguards in place to mitigate the perceived self-interest threat from these fees.

| Audit fees | Indicative fee at planning £ | Final fees £ |
|----------------------------------|-------------------------------------|---------------------|
| Scale fee | 164,498 | 164,498 |
| Initial estimate of IFRS 16 work | TBC | TBC |
| Additional fee for audit work | - | TBC |
| Fee per the Audit Plan | TBC | TBC |

*Estimate

Fees and non-audit services

Audit-related non-audit services

| Service | 2022/23 £ | 2023/24 £ | 2024/25 £ | Threats Identified | Safeguards applied |
|--|--------------|--------------|--------------|---|--|
| Certification of Housing Benefits Subsidy claim | - | 35,640 | 32,455* | Self-Interest (because this is a recurring fee) | The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work in comparison to the total fee for the audit of £164,498 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level. |
| Certification of Pooling of Housing Capital Receipts claim | 10,000** | 10,000** | 10,000** | Self-Interest (because this is a recurring fee) | The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work in comparison to the total fee for the audit of £164,498 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level. |
| Total | 10,000 | 45,640 | 42,455 | | |

- *This is the core fee for 2024/25, the variable element won't be known until the audit is complete.
- **This is an indicative fee for the work.

Fees and non-audit services

Total audit and non-audit fee

| (Audit fee) | TBC | (Non-audit fee) | TBC |
|-------------|-----|-----------------|-----|
| <hr/> | | | |

The fees reconcile to the financial statements as follows:

- TBC

page 76

This covers all services provided by us and our network to the group/Authority, its directors and senior management and its affiliates, that may reasonably be thought to bear on our integrity, objectivity or independence.

Appendices

A. Communication of audit matters with those charged with governance

| Our communication plan | Audit Plan | Audit Findings |
|---|------------|----------------|
| Respective responsibilities of auditor and management/those charged with governance | ● | |
| Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks | ● | |
| Confirmation of independence and objectivity | ● | ● |
| A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence | ● | ● |
| Significant matters in relation to going concern | ● | ● |
| Views about the qualitative aspects of the Group's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures | | ● |
| Significant findings from the audit | ● | |
| Significant matters and issue arising during the audit and written representations that have been sought | ● | |
| Significant difficulties encountered during the audit | ● | |
| Significant deficiencies in internal control identified during the audit | ● | |
| Significant matters arising in connection with related parties | ● | |

A. Communication of audit matters with those charged with governance

| Our communication plan | Audit Plan | Audit Findings |
|---|------------|----------------|
| Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements | | ● |
| Non-compliance with laws and regulations | | ● |
| Unadjusted misstatements and material disclosure omissions | | ● |
| Expected modifications to the auditor's report, or emphasis of matter | | ● |

page 79

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, as a minimum a requirement exists for our findings to be distributed to all the company directors and those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report, to those charged with governance.

B. Our team and communications

Grant Thornton core team

Peter Barber

Engagement Lead

- Key contact for senior management and Audit Committee
- Overall quality assurance

Gail Turner-Radcliffe

Audit Manager

- Audit planning
- Resource management
- Performance management reporting

Shashank Agrawal

Audit Senior

- On-site audit team management
- Day-to-day point of contact
- Audit fieldwork

Audit reporting

Audit progress

Technical support

Formal communications

- The Audit Plan
- The Audit Findings
- Auditor's Annual Report
- Progress and Sector Update Reports

- Audit planning meetings
- Audit clearance meetings
- Communication of issues log

- Technical updates

Informal communications

- Communication of audit issues as they arise

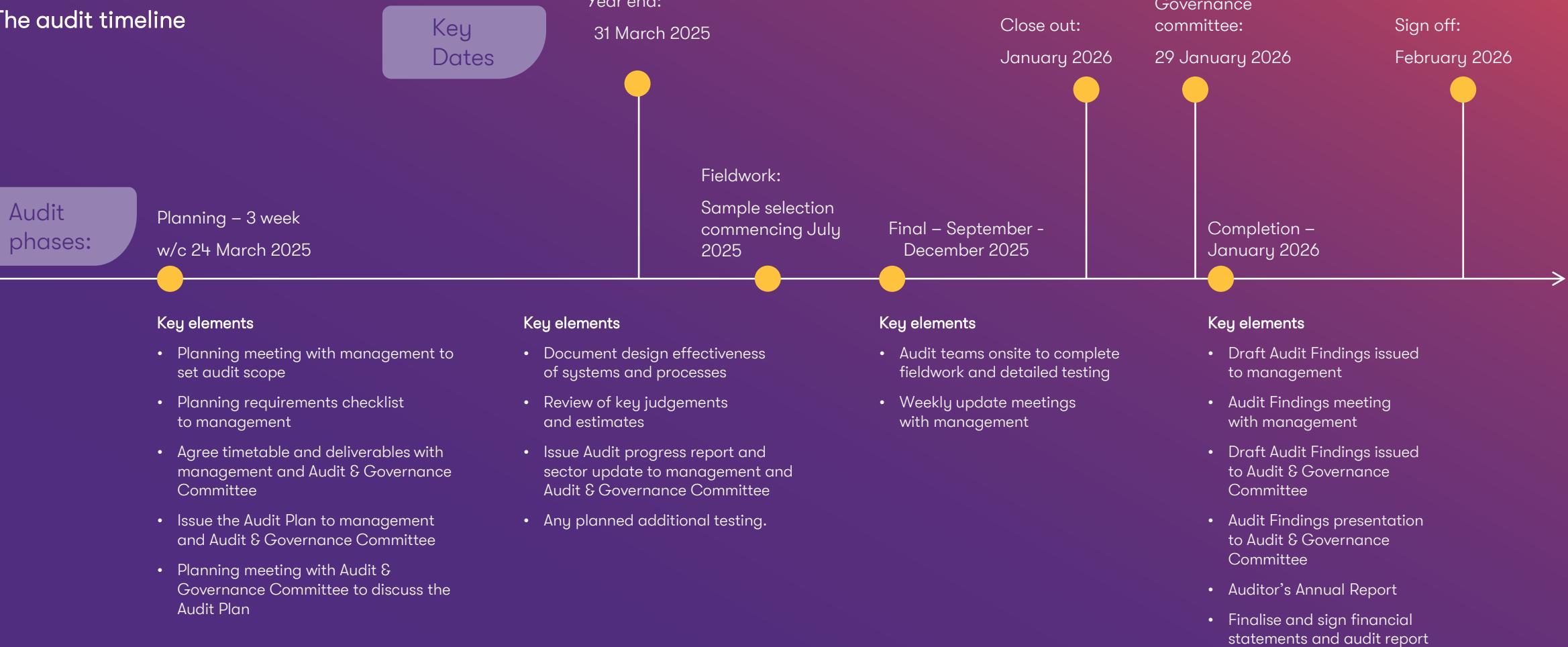
- Notification of up-coming issues

As part of our overall service delivery, we may utilise colleagues who are based overseas, primarily in India and the Philippines. Those colleagues work on a fully integrated basis with our team members based in the UK and receive the same training and professional development programmes as our UK based team. They work as part of the engagement team, reporting directly to the Audit Senior and Manager and will interact with you in the same way as our UK based team albeit on a remote basis. Our overseas team members use a remote working platform which is based in the UK. The remote working platform (or Virtual Desktop Interface) does not allow the user to move files from the remote platform to their local desktop meaning all audit related data is retained within the UK.

Logistics

The audit timeline

page 81



C. Status of audit testing 2024/25

| Primary Statement | | | | | | | |
|--|--------------------------|--------|-------------------------|---------------------------------------|-------------------------|--------------------------|---|
| Balance Sheet | | | | | | | |
| Financial Statement Line Item | 2023 / 2024 audit status | Status | Total sample size (#) | Samples with appropriate evidence (#) | Failed samples (#) | Inconclusive samples (#) | Auditor Comments |
| Property Plant and Equipment (PPE) – Opening balance | Red | 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 | Yellow | Green | Additions 9 REFCUS 6 | Additions 8 REFCUS 6 | Additions - REFCUS - | Additions - REFCUS - | <ul style="list-style-type: none"> Additions – Testing is complete REFCUS samples – Testing is complete We have raised one recommendation on additions – see page 53 |
| PPE – Revaluation and impairment (Other land & building) [Significant risk] | Red | Yellow | 24 | 24 | - | - | <ul style="list-style-type: none"> The audit team has raised 5 recommendation with respect to testing of assumptions. – see pages 50 to 61. The testing is complete. |
| Closing balance – PPE (AUC) | Red | Open | 4 | - | - | 4 | <ul style="list-style-type: none"> Our work is on-going in this area. |

Assessment

- Red We were unable to fully test the balance/transaction.
- Amber 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.
- Green We were able to test the balances and conclude for 24/25 (the backstop prevents us giving assurance over the opening balances) that we did not identify any significant issues

C. Status of audit testing 2024/25

| Primary Statement | | | | | | | |
|--|--------------------------|--------------------------|---------------------------------------|---------------------------------------|-------------------------------------|-------------------------------------|---|
| Balance Sheet | | | | | | | |
| Financial Statement Line Item | 2023 / 2024 audit status | 2024 / 2025 audit status | Total sample size (#) | Samples with appropriate evidence (#) | Failed samples (#) | Inconclusive samples (#) | Auditor Comments |
| PPE – Revaluation and impairment (Council dwellings) [Significant risk] | Red | Green | 5 | - | - | - | <ul style="list-style-type: none"> The testing is complete. We have raised 2 recommendation – see page 60. |
| Investment Property valuations [Significant risk] | Red | Green | 1 | 1 | - | - | <ul style="list-style-type: none"> Testing complete We have raised 1 recommendation – see page 56. |
| Short- & Long- term debtors (Including Completeness testing) | Yellow | Open | Debtors 15 Completeness 25 | Debtors - 0 Completeness 25 | Debtors - 0 Completeness 0 | Debtors - 15 Completeness 0 | <ul style="list-style-type: none"> Testing is on-going Completeness – <ul style="list-style-type: none"> Invoice Paid – Completed Bank Receipts – completed One recommendation has been raised – see page 58. |
| Short- & Long- term Creditors (Including Completeness testing) | Red | Open | Creditors - 12 Completeness 25 | Creditors - 10 Completeness 25 | Creditors - 0 Completeness 0 | Creditors - 2 Completeness 0 | <ul style="list-style-type: none"> We have cleared 10 samples We have got queries on 2 samples Completeness – <ul style="list-style-type: none"> Invoice received - completed Bank Paid - Completed One recommendation have been raised – see page 58. |

C. Status of audit testing 2024/25

Primary Statement

Balance Sheet

| Financial Statement Line Item | 2023 / 2024 audit status | 2024 / 2025 audit 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"> The testing is complete |
| Cash & Cash Equivalents | | | 13 | 13 | - | - | <ul style="list-style-type: none"> Testing of the Bank reconciling items is complete. Three recommendations have been raised – see pages 52 to 54. |
| Short- & Long- term Borrowing | | | N/A tested in full | - | - | - | <ul style="list-style-type: none"> The testing is complete |
| Pensions Liability [Significant risk] | | | N/a | - | - | - | <ul style="list-style-type: none"> The testing is complete We have identified one unadjusted misstatement – see page 48 for further details. |
| Usable & Unusable Reserves | | | N/A | | | | <ul style="list-style-type: none"> The testing is complete |
| Provisions | | | N/A | | | | <ul style="list-style-type: none"> The testing is complete |

C. Status of audit testing 2024/25

| Primary Statement | | | | | | | |
|--|--------------------------|--------------------------|---|---------------------------------------|--------------------|--------------------------|--|
| Comprehensive Income and Expenditure Statement | | | | | | | |
| Financial Statement Line Item (Expenditure) | 2023 / 2024 audit status | 2024 / 2025 audit status | Total sample size (#) | Samples with appropriate evidence (#) | Failed samples (#) | Inconclusive samples (#) | Auditor Comments |
| Employee benefits expenses | Red | Green | 10 | 10 | 0 | 0 | <ul style="list-style-type: none"> The testing is complete |
| Other expenses | Red | Green | 38 – Other expense 5 – Non payroll expenditure | - | - | - | <ul style="list-style-type: none"> The testing is complete |
| Depreciation, amortisation and impairment | Red | Green | 5 | 3 | 0 | 2 | <ul style="list-style-type: none"> The testing is complete |
| Housing benefit | Red | Green | 12 | 0 | 0 | 0 | <ul style="list-style-type: none"> The testing is complete. |
| Grants received in advance | Red | Open | 6 | 0 | 0 | 6 | <ul style="list-style-type: none"> The testing is on-going. |
| Audit fees | Red | Open | - | - | - | - | <ul style="list-style-type: none"> The testing is on-going. We have identified a misstatement – see page 48. |
| Internal recharge income and expenditure | Red | Green | - | - | - | - | <ul style="list-style-type: none"> The testing is complete. |

page 85

C. Status of audit testing 2024/25

| Primary Statement | | | | | | | |
|--|--------------------------|--------------------------|-----------------------|---------------------------------------|--------------------|--------------------------|--|
| Comprehensive Income and Expenditure Statement | | | | | | | |
| Financial Statement Line Item (Income) | 2023 / 2024 audit status | 2024 / 2025 audit status | Total sample size (#) | Samples with appropriate evidence (#) | Failed samples (#) | Inconclusive samples (#) | Auditor Comments |
| Fees, charges and other service income | Yellow | Green | 33 | 33 | 0 | 0 | <ul style="list-style-type: none"> The testing is complete |
| Income from council tax and non-domestic rates (Collection fund) | Red | Green | 20 | - | - | - | <ul style="list-style-type: none"> Income from council tax and non-domestic rates – Testing complete Precepts and Levies – Testing complete Council tax and non-domestic rates reliefs – Testing complete |
| Capital Grant income | Yellow | Open | 15 | - | - | 15 | <ul style="list-style-type: none"> We have got further enquiries on all 15 samples |
| Government grants and contributions | Yellow | Green | 24 | 24 | - | - | <ul style="list-style-type: none"> The testing is complete |
| Other areas of testing | | | | | | | |
| Journals testing [Significant risk] | Red | Green | 61 | 61 | - | - | <ul style="list-style-type: none"> We have identified one prior period misstatement that has been corrected in 2024/25 – see pages 56 |
| Joint operation – Strata Service Solutions Limited | Red | Open | N/A | - | - | - | <ul style="list-style-type: none"> Our work is on-going in this area. |
| Litigation and claims | Red | Open | N/A | - | - | - | <ul style="list-style-type: none"> The testing is on-going |

C. Status of audit testing 2024/25

| Primary Statement | | | | | | | |
|---|--------------------------|--------------------------|-----------------------|---------------------------------------|--------------------|--------------------------|--|
| Other areas of testing | | | | | | | |
| Financial Statement Line Item (Income) | 2023 / 2024 audit status | 2024 / 2025 audit status | Total sample size (#) | Samples with appropriate evidence (#) | Failed samples (#) | Inconclusive samples (#) | Auditor Comments |
| Expenditure and funding analysis | Red | Green | N/A | - | - | - | <ul style="list-style-type: none"> The testing is complete. |
| Remuneration report | Red | Green | N/A | - | - | - | <ul style="list-style-type: none"> Exit package testing – Completed. Higher paid staff and Senior management remuneration testing – testing is complete. We have identified 3 disclosure errors that has been corrected by the council – see page 47. |
| Financial instrument | Red | Open | N/A | - | - | - | <ul style="list-style-type: none"> The testing is under progress We have got a query with the council |
| IFRS 16 | Grey | Open | N/A | - | - | - | <ul style="list-style-type: none"> The testing is under progress |
| Capital expenditure and financing | Red | Open | N/A | - | - | - | <ul style="list-style-type: none"> Our work is on-going in this area. |
| Related party | Red | Open | N/A | - | - | - | <ul style="list-style-type: none"> Our work is on-going in this area. |
| Capital commitment | Red | Open | N/A | - | - | - | <ul style="list-style-type: none"> Our work is on-going in this area. |
| Statement of cash flows | Red | Open | N/A | - | - | - | <ul style="list-style-type: none"> The testing is under progress |
| Collection fund account and disclosures | Red | Open | N/A | - | - | - | <ul style="list-style-type: none"> The testing is under progress |
| HRA disclosures | Red | Open | N/A | - | - | - | <ul style="list-style-type: none"> The testing is under progress |
| AGS and Narrative report | Red | Open | N/A | - | - | - | <ul style="list-style-type: none"> We have completed our review of the AGS Our work on the narrative report is on-going |

D. Management letter of representation

Dear Grant Thornton UK LLP

East Devon District Council

Financial Statements for the year ended 31 March 2025

This representation letter is provided in connection with the audit of the financial statements of East Devon District Council ("the Authority") for the year ended 31 March 2025 for the purpose of expressing an opinion as to whether the Authority financial statements give a true and fair view in accordance with International Financial Reporting Standards, and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

We have fulfilled our responsibilities, as set out in the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited, for the preparation of the Authority's financial statements in accordance with the Accounts and Audit Regulations 2015, International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.

The Authority has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include the valuation of Property, Plant and Equipment. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for International Accounting Standard 19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.

Except as disclosed in the financial statements:

- there are no unrecorded liabilities, actual or contingent;
- none of the assets of the Authority has been assigned, pledged or mortgaged; and
- there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

D. Management letter of representation - continued

Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.

All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.

We have considered the unadjusted misstatements included in your Audit Findings Report and attached to this letter. We have not adjusted the financial statements for these misstatements brought to our attention as in the case of the £2.9m for depreciation charged in the final three months of the final year as we are unable to reconcile the financial systems. The other unadjusted misstatements were immaterial to the results of the Authority and its financial position at the year-ended 31 March 2025.

Actual or possible litigation and claims, including those in respect of equal pay claims, have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.

We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

The prior period adjustments disclosed in note 33 to the financial statements are accurate and complete. There are no other prior period errors to bring to your attention.

~~Paragraph~~ We have updated our going concern assessment. We continue to believe that the Authority's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that:

- 8a. the nature of the Authority means that, notwithstanding any intention to cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements;
- b. the financial reporting framework permits the Authority to prepare its financial statements on the basis of the presumption set out under a) above; and
- c. the Authority's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Authority's ability to continue as a going concern need to be made in the financial statements

We have considered whether accounting transactions have complied with the requirements of the Local Government Housing Act 1989 in respect of the Housing Revenue Account ring-fence.

The Authority has complied with all aspects of ring-fenced grants that could have a material effect on the Authority's financial statements in the event of non-compliance.

Information Provided

We have provided you with:

- a. access to all information of which we are aware that is relevant to the preparation of the Authority's financial statements such as records, documentation and other matters, except for the information outlined in paragraph xxv below;
- b. additional information that you have requested from us for the purpose of your audit; and
- c. access to persons within the Authority from whom you determined it necessary to obtain audit evidence.

D. Management letter of representation - continued

We have communicated to you all deficiencies in internal control of which management is aware.

All transactions have been recorded in the accounting records and are reflected in the financial statements.

We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Authority and involves:

- a. management;
- b. employees who have significant roles in internal control; or
- c. others where the fraud could have a material effect on the financial statements.

We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.

We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

On 30 September 2024 Parliament approved the Accounts and Audit (Amendment) Regulations 2024. These regulations set a publication date for financial statements in respect of 2024-25 of 27 February 2026. The new National Audit Office Code of Audit Practice, which was published on 14 November 2024, also requires that where auditors are unable to conclude their work, they should issue either a qualified audit opinion or a disclaimer of opinion by this date, known as the 'backstop date'. It has not been possible to provide you with all the information required for you to complete your audit for the year ending 31 March 2025 by the backstop date in relation to property, plant and equipment and reserves.

Annual Governance Statement

We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Authority's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

The disclosures within the Narrative Report fairly reflect our understanding of the Authority's financial and operating performance over the period covered by the Authority's financial statements.

Approval

The approval of this letter of representation was minuted by the Authority's Audit and Governance Committee at its meeting on 29 January 2026.

Yours faithfully

E. Audit opinion

Independent auditor's report to the members of East Devon District Council

Report on the audit of the financial statements

Disclaimer of opinion

We were engaged to audit the financial statements of East Devon District Council (the 'Authority') for the year ended 31 March 2025, which comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Collection Fund Statement and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25.

We do not express an opinion on the accompanying financial statements of the Authority. Because of the significance of the opening balances, in year movements net pension liability and Property, Plant and Equipment (PPE), closing PPE and closing reserves described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

¶ The Accounts and Audit (Amendment) Regulations 2024 ('the Regulations') require the Authority to publish audited financial statements for the year ended 31 March 2025 by 27 February 2026 ('the backstop date'). The backstop date has been put in law with the purpose of clearing the backlog of historical financial statements.

¶ On 26 February 2025, we issued a disclaimer of opinion on the Authority's financial statements for the year ended 31 March 2024. We were not able to obtain sufficient appropriate audit evidence by 28 February 2025, the previous backstop date, that the financial statements were free from material misstatement. We were therefore unable to obtain sufficient appropriate audit evidence over the corresponding figures or whether there was any consequential effect on the Authority Comprehensive Income and Expenditure Statement for the year ended 31 March 2025 for the same reason.

As a result of the limitations imposed by the backstop date, we have been unable to obtain sufficient appropriate audit evidence over the Authority's opening balances reported in the financial statements for the year ended 31 March 2025. Consequently, we have been unable to satisfy ourselves over the in-year movements in the net pension liability and property, plant and equipment. This has also resulted in uncertainty over the closing balance of property, plant and equipment of £418.438m as at 31 March 2025. Similarly, we have not been able to obtain assurance over the Authority's closing reserves balance of £366.497m as at 31 March 2025, also due to the uncertainty over their opening amount.

In addition, we were unable to confirm the value of the other land and buildings (subset of PPE) as there are differences between the valuers report, fixed asset register and financial statements due to depreciation being incorrectly charged for the final three months of the financial year resulting in a understatement of the PPE and a corresponding overstatement of expenditure. The value of the depreciation in the final three months of the year is £2.9m however further adjustments have been made to the figures for which Management are unable to provide explanations.

We have concluded that the possible effect of these matters on the financial statements could be both material and pervasive. We have therefore issued a disclaimer of opinion on the financial statements. This enables the Authority's to comply with the requirement of the Regulations to publish the financial statements for the year ended 31 March 2025 by the backstop date.

E. Audit opinion - continued

Other information we are required to report on by exception under the Code of Audit Practice

Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have been unable to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

Opinion on other matters required by the Code of Audit Practice

The Director for Finance and Section 151 Officer is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the Authority's financial statements and our auditor's report thereon. Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, whether the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority and the Director for Finance and Section 151 Officer

As explained more fully in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director for Finance and Section 151 Officer. The Director for Finance and Section 151 Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25, for being satisfied that they give a true and fair view, and for such internal control as the Director for Finance and Section 151 Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director for Finance and Section 151 Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

E. Audit opinion - continued

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Authority's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on those financial statements.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The audit was defective in its ability to detect irregularities, including fraud, on the basis that we were unable to obtain sufficient appropriate audit evidence due to the matters described in the basis for disclaimer of opinion section of our report.

page 6

Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

We have nothing to report in respect of the above matter except on 18 September 2025 we identified a significant weakness in how the Authority plans and manages its resources to ensure it can continue to deliver its services. In 2023/24 the Authority's unplanned overspends on repairs and maintenance involved commitments that had to be honoured in 2024/25 and as a result HRA reserves and balances have fallen further during the year and HRA borrowings have increased. There are steps already underway to rebuild financial sustainability, but it will take time for these to embed into normal business practice and for full financial turnaround to be achieved. In the meantime, a new Stock Condition Report became available shortly after the end of 2024/25 and needs to be taken into account in future planning.

We recommended that the Authority takes steps to rebuild sustainability in the HRA, reflecting the outcome of the recent Stock Condition Report and should be embedded into business practice. This should include planning into the medium term to ensure deemed minimum balances are reinstated. The Authority estimates that it will take a number of years to recover the HRA financial position which should include reserves and balances back at prudent levels and in year expenditure not exceeding income.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

E. Audit opinion - continued

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in the Authority's use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;

Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and

Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

~~Page 94~~ We have documented our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for East Devon District Council for the year ended 31 March 2025 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have received confirmation from the National Audit Office the audit of the Whole of Government Accounts is complete for the year ended 31 March 2025. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.



© 2025 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.

East Devon District Council

page 96

Revised Interim Auditor's Annual Report
Year ending 31 March 2025

26 January 2026



Contents

| | | |
|----|---|----|
| 01 | Introduction and context | 03 |
| 02 | Executive summary | 06 |
| 03 | Opinion on the financial statements and use of auditor's powers | 10 |
| 04 | Value for Money commentary on arrangements | 13 |
| | Financial sustainability | 15 |
| | Governance | 21 |
| | Improving economy, efficiency and effectiveness | 26 |
| 05 | Summary of Value for Money Recommendations raised in 2024/25 | 28 |
| 06 | Follow up of previous key recommendations | 31 |
| | Appendices | 33 |
| A | Responsibilities of the Council | 34 |
| B | Value for Money Auditor responsibilities | 35 |
| C | Follow-up of previous improvement recommendations | 36 |

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No. OC307742. Registered office: 8 Finsbury Circus, London, EC2M 7EA. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. 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.

01 Introduction and context

Introduction

This report brings together a summary of all the work we have undertaken for East Devon District Council during 2024/25 as the appointed external auditor. The core element of the report is the commentary on the value for money (VfM) arrangements. The responsibilities of the Council are set out in Appendix A. The Value for Money Auditor responsibilities are set out in Appendix B.

page 9

Opinion on the financial statements

Auditors provide an opinion on the financial statements which confirms whether they:

- give a true and fair view of the financial position of the Council as at 31 March 2025 and of its expenditure and income for the year then ended
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2024/25
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014

We also consider the Annual Governance Statement and undertake work relating to the Whole of Government Accounts consolidation exercise.

Our report is based on those matters which come to our attention during the conduct of our normal audit procedures, which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. The NAO has consulted on and updated the Code to align it to accounts backstop legislation. The new Code requires auditors to share a draft Auditor's Annual Report (AAR) with those charged with governance by a nationally set deadline each year, and for the audited body to publish the AAR thereafter. This new deadline requirement is introduced from November 2025.

Auditor's powers

Under Section 30 of the Local Audit and Accountability Act 2014, the auditor of a local authority has a duty to consider whether there are any issues arising during their work that indicate possible or actual unlawful expenditure or action leading to a possible or actual loss or deficiency that should be referred to the Secretary of State. They may also issue:

- Statutory recommendations to the full Council which must be considered publicly
- A Public Interest Report (PIR).

Value for money

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (referred to as Value for Money). The National Audit Office (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas:

- financial sustainability
- governance
- improving economy, efficiency and effectiveness.

Local government – context

Local government has remained under significant pressure in 2024/25

National

Past



Funding Not Meeting Need

The sector has seen prolonged funding reductions whilst demand and demographic pressures for key statutory services has increased; and has managed a period of high inflation and economic uncertainty.

page 100



Workforce and Governance Challenges

Recruitment and retention challenges in many service areas have placed pressure on governance. Recent years have seen a rise in the instance of auditors issuing statutory recommendations.

Local

Present



Financial Sustainability

Many councils continue to face significant financial challenges, including housing revenue account pressures. There are an increasing number of councils in receipt of Exceptional Financial Support from the government.



External Audit Backlog

Councils, their auditors and other key stakeholders continue to manage and reset the backlog of annual accounts, to provide the necessary assurance on local government finances.

Future



Funding Reform

The UK government plans to reform the system of funding for local government and introduce multi-annual settlements. The state of national public finances means that overall funding pressures are likely to continue for many councils.



Reorganisation and Devolution

Many councils in England will be impacted by reorganisation and / or devolution, creating capacity and other challenges in meeting business as usual service delivery.

East Devon District Council (the Council) is a district council with a population of around 148,000 residents. Recent data indicates that the population is expected to increase by 19,992 (13%) by 2031. East Devon is a largely rural area but also has market and coastal towns, including the new community of Cranbrook. The population of East Devon has an older age profile with an average age of 51.3 years compared to the national average of 40.4 years. This trend is set to grow with the 65+ age range forecast to increase more than any other age range, growing from 30.1% of the population in 2017 to 32.5% by 2027. An ageing population impacts on the provision of public services, health care, housing, the labour market and economic growth within the local area.

It is within this context that we set out our commentary on the Council's value for money arrangements in 2024/25.

02 Executive Summary

Executive Summary – our assessment of value for money arrangements

Our overall summary of our Value for Money assessment of the Council's arrangements is set out below. Further detail can be found on the following pages.

In summary, our work has identified a continued positive direction of travel during 2024/25 with the Council making further progress since last year in strengthening VFM arrangements. Whilst stakeholders can take assurance from these improvements further work is required to develop fully effective arrangements.

| Criteria | 2023/24 Assessment of arrangements | 2024/25 Risk assessment | 2024/25 Assessment of arrangements |
|---|--|---|--|
| Financial sustainability | R Significant weakness in relation to the financial health of the Housing Revenue Account (HRA). One key recommendation and three improvement recommendations raised. | One risk of significant weakness identified in relation to the financial health of the Housing Revenue Account. | R The HRA budget for 2024/25 was rebased in July 2024 due to unanticipated overspends in the prior year. This has resulted in further deterioration in reserves and balances at 31 March 2025. Whilst good progress has been made as confirmed in the 2024/25 outturn position, reserves are low, so this remains a significant weakness for 2024/25. |
| Governance | R Significant weakness identified in relation to accounts preparation and the audit process. One key recommendation and five improvement recommendations raised. | One risk of significant weakness identified in relation to accounts preparation and audit. | A The Draft 2024/25 financial statements were produced ahead of the end of June 2025 deadline. Our audit of the 2024/25 statements indicates a stepped change in the Council's commitment and ability to produce materially accurate statements and support the challenging audit process. Whilst a qualification remains and more work is required to regain full assurance this is an important first step. |
| Improving economy, efficiency and effectiveness | A No significant weaknesses identified. Four improvement recommendations raised in relation to improving economy, efficiency and effectiveness. | One risk of significant weakness identified in relation to standards of service provision for housing. | A There has been no General Fund key performance indicator data shared with any committee since December 2023. A new key performance indicator reporting system is in the process of being upgraded. We raise one improvement recommendation around the introduction of the new system. |

G No significant weaknesses or improvement recommendations.

A No significant weaknesses, improvement recommendation(s) made.

R Significant weaknesses in arrangements identified and key recommendation(s) made.

Executive Summary

We set out below the key findings from our commentary on the Council's arrangements in respect of value for money.



Financial sustainability

The Council recorded a small underspend (£0.712 million) against budget on the General Fund for 2024/25 and has further strengthened General Fund balances in year.

The Council has proactively taken steps to return the Housing Revenue Account (HRA) to financial sustainability as 2024/25 progressed. This included rebasing the 2024/25 HRA budget in July 2024. Other actions include making changes to staffing; rolling out training; engaging for the preparation of an Asset Management Strategy; and preparing to move to a planned rolling programme of maintenance to reduce dependency on reactive repairs work.

Whilst the revised HRA budget was achieved, reserves have been further depleted during 2024/25 and this area remains a significant weakness.

The Council is currently restructuring to create a Project Office that can oversee savings delivery corporately.



Governance

Relationships between officers and members appear to be working well, facilitating decision making. For example, complaints that the Standards Committee received updates on fell from 33 in November 2023 to 9 in January 2025.

Our audit of the 2024/25 statements indicates a stepped change in the Council's commitment and ability to produce materially accurate statements and support the challenging audit process. Whilst a qualification remains and more work is required to regain full assurance this is an important first step.

There are other positive findings around governance: The Local Government Association carried out a review of progress with previous recommended actions in November 2024 and was able to report that 89% of all previous recommendations around governance, scrutiny and standards have now been implemented by the Council.

However, Management should be prompted to respond in a timely fashion to internal audit recommendations.



Improving economy, efficiency and effectiveness

There has been no General Fund key performance indicator data shared with any committee since December 2023. We are aware that progress against the Council's action plan has been shared instead; and that the key performance indicator reporting system is in the process of being upgraded. The new upgraded system will need time to be fully embedded.

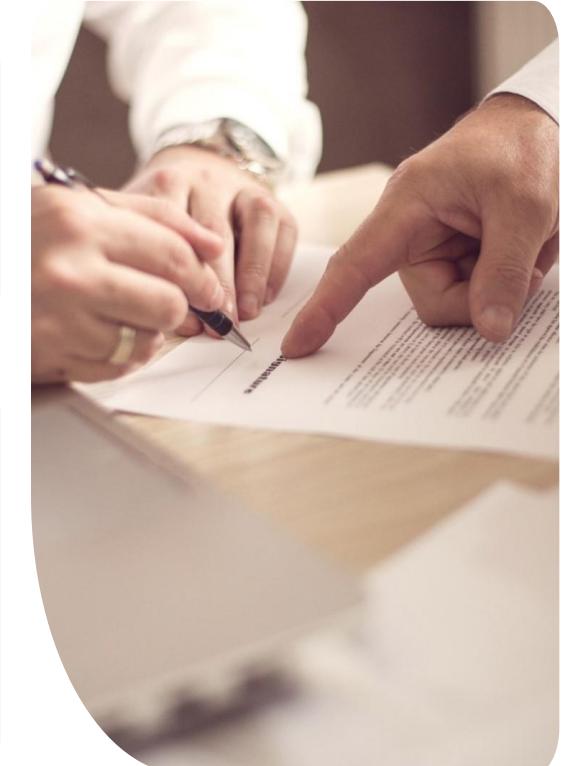
A new partnerships policy was adopted in November 2024.

Internal Audit have indicated that almost all recommendations on electrical safety in the housing stock have been actioned by the Council.

During a strategic review of leisure, the Council identified that break clause arrangements in one thirty-year contract needed clearer wording. An amendment was agreed with the contract partner to bring wording inline with best practice. We see this as an example of the Council being vigilant in its approach to contract management.

Executive summary – auditor's other responsibilities

This page summarises our opinion on the Council's financial statements and sets out whether we have used any of the other powers available to us as the Council's auditors.

| Auditor's responsibility | 2024/25 outcome | |
|-------------------------------------|--|--|
| Opinion on the Financial Statements | <p>The Council published its draft 2024/25 financial statements ahead of the 30 June 2025 deadline. Our audit of the 2024/25 statements indicates a stepped change in the Council's commitment and ability to produce materially accurate statements and support the challenging audit process. The audit this year has not been without challenges but whilst our proposed opinion for 2024/25 remains qualified and the Property Plant and Equipment issues arising this year will be reflected in this qualification, assurance can be taken that the Council is moving forward and is now much better placed to regain full audit assurance in future years.</p> |  |
| Use of auditor's powers | <p>We do not anticipate needing to exercise our statutory powers.</p> | |

03 Opinion on the financial statements and use of auditor's powers

Opinion on the financial statements

These pages set out the key findings from our audit of the Council's financial statements, and whether we have used any of the other powers available to us as the Council's auditors.

Audit opinion on the financial statements

The Council published its draft 2024/25 financial statements ahead of the 30 June 2025 deadline. Our full post-statements audit commenced in late September 2025 and as at 26 January 2026 our in-year audit is well progressed.

Our audit of the 2024/25 statements indicates a stepped change in the Council's commitment and ability to produce materially accurate statements and support the challenging audit process.

Whilst lots of progress has been made in our Property Plant and Equipment (PPE) testing, our work this year continues to identify issues that individually and cumulatively are indicative of material error. The main areas of concern relate to the valuation of your leisure facilities, play areas and your depreciation charges. Given the backstop from prior year, it was never going to be possible to regain full assurance over PPE in 2024/25 but a key action for 2025/26 will be for the Council to prioritise these areas to ensure they are correctly valued going forward.

Grant Thornton provides an independent opinion on whether the Council's financial statements:

- give a true and fair view of the financial position of the Council as at 31 March 2025 and of its expenditure and income for the year then ended
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2024/25
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We will conduct our audit in accordance with: International Standards on Auditing (UK), the Code of Audit Practice (2024) published by the National Audit Office, and applicable law. We are independent of the Council in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Findings from the audit of the financial statements

Our findings are set out in our Audit Findings report to be presented to the Audit & Governance Committee at the end of January 2026.

Other reporting requirements

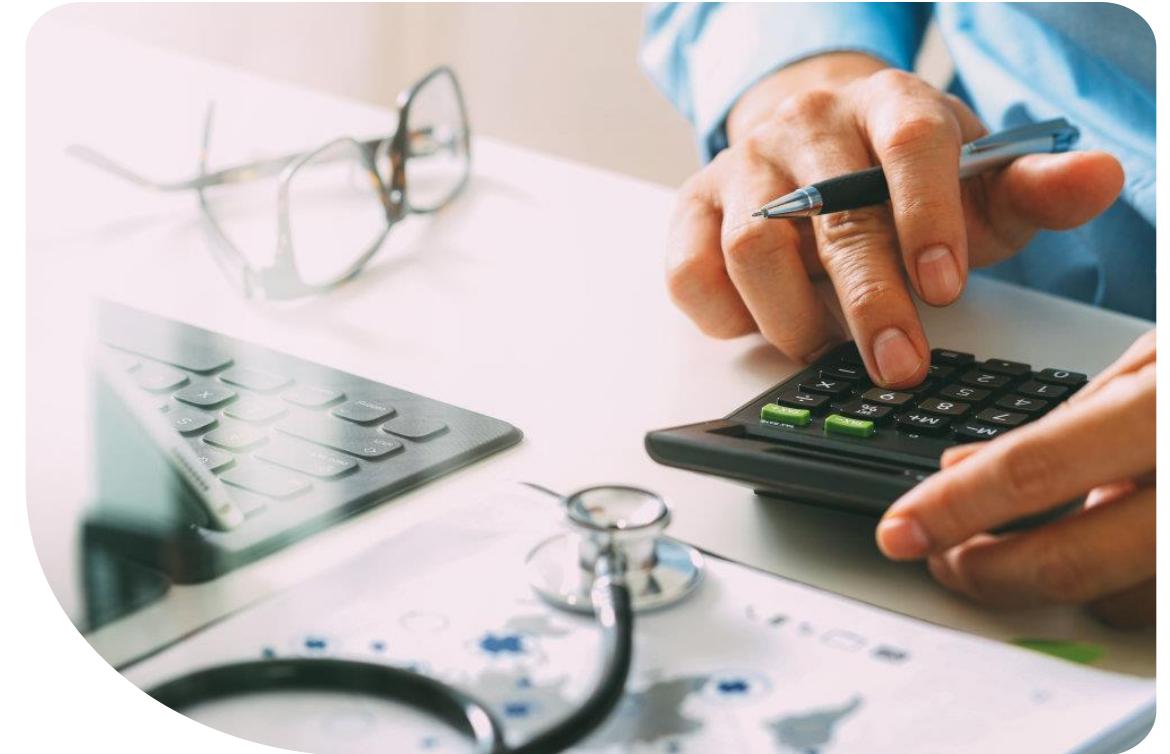
Annual Governance Statement

Under the Code of Audit Practice published by the National Audit Office we are required to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting, or is misleading or inconsistent with the information of which we are aware from our audit.

We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

Our work is now complete in this area and there are no issues that we have identified in respect of compliance with the Code.

page 107



04 Value for Money commentary on arrangements

Value for Money – commentary on arrangements

This page explains how we undertake the value for money assessment of arrangements and provide a commentary under three specified areas.

All Councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Councils report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The National Audit Office (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas:

page 109



Financial sustainability

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



Governance

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



Improving economy, efficiency and effectiveness

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

Financial sustainability – commentary on arrangements

| We considered how the Council: | Commentary on arrangements | Rating |
|--|--|--------|
| identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them page 110 | <p>The Council incurred a small underspend (£0.712 million) against budget on the General Fund for 2024/25 and has further strengthened General Fund balances in year. The General Fund Balance stood at £4.8 million at the end of 2024/25. This is at the upper end of the General Fund's preferred minimum prudent amount.</p> <p>For the HRA, we reported a significant weakness in arrangements for financial sustainability in 2023/24 due to significant, unplanned overspends that adversely affected reserves and balances. Unplanned overspends on repairs and maintenance in 2023/24 involved commitments that had to be honoured in 2024/25 and as a result the Council proactively rebased the 2024/25 budget in July 2024. This impacted on the Council's ability to finance the HRA capital programme and resulted in an increase in HRA borrowings and a reduction in HRA reserves by the end of the year.</p> <p>The Council was proactive during 2024/25 in taking steps to return the HRA to financial sustainability as the year progressed. This included making changes to staffing; rolling out training; engaging for the preparation of an Asset Management Strategy; and preparing to move to a planned rolling programme of maintenance to reduce dependency on reactive repairs work. However, it will take time for these measures to take full effect. Whilst the revised HRA budget was achieved for 2024/25, the overall reduction in reserves and increase in borrowing still needs time to be addressed, as can be seen on page 16 of this report.</p> | R |

G No significant weaknesses or improvement recommendations.

A No significant weaknesses, improvement recommendations made.

R Significant weaknesses in arrangements identified and key recommendation(s) made.

Financial sustainability – commentary on arrangements

We considered how the Council:

Commentary on arrangements

Rating

identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them (continued)

As the table below shows, HRA reserves fell in 2024/25 and HRA borrowings increased. We note that the Council had assessed the minimum prudent amount on the HRA reserve to be £3.1 million (or £2.1 million after allowing for headroom). By the end of 2024/25, the balance stood at £1.764 million – and had therefore fallen below the Council's minimum prudent amount. We further note that it was only after the end of the year that an up-to-date Stock Condition Report for the HRA was available to officers to inform future budgeting for the HRA.

R

| | 31 March 2024 £ | 31 March 2025 £ | Direction of travel |
|--|--------------------|--------------------|------------------------|
| HRA General Reserve | 3,100,000 | 1,764,000 | ⬇ |
| HRA Earmarked Reserves | 982,995 | 162,194 | ⬇ |
| Right to Buy/ Capital Receipts Reserve | 6,096,493 | 5,703,470 | ⬇ |
| HRA Borrowing | 87,212,823 | 92,515,479 | ⬇ |

G No significant weaknesses or improvement recommendations.

A No significant weaknesses, improvement recommendations made.

R Significant weaknesses in arrangements identified and key recommendation(s) made.

Financial sustainability (continued)

Significant weakness identified in relation to financial sustainability

Key Finding: Unplanned overspends on repairs and maintenance in 2023/24 involved commitments that had to be honoured in 2024/25 and as a result HRA reserves and balances have fallen further during the year and HRA borrowings have increased. There are steps already underway to rebuild financial sustainability, but it will take time for these to embed into normal business practice and for full financial turnaround to be achieved. In the meantime, a new Stock Condition Report became available shortly after the end of 2024/25 and needs to be taken into account in future planning.

Evidence: HRA financial reports; discussion with officers.

Impact: Reduced financial sustainability in the HRA. The HRA General Reserve is currently lower than its assessed minimum prudent amount.

page 112

Key recommendation 1

KR1:

Steps taken so far to rebuild sustainability in the HRA should be advanced, reflecting the outcome of the recent Stock Condition Report and should be embedded into business practice. This should include planning into the medium term to ensure deemed minimum balances are reinstated. The Council estimates that it will take a number of years to recover the HRA financial position which should include reserves and balances back at prudent levels and in year expenditure not exceeding income.

Financial sustainability – commentary on arrangements

| We considered how the Council: | Commentary on arrangements | Rating |
|--|---|--------|
| | <p>The Council's plans for Transformation are contained within its Financial Sustainability Model. Savings have traditionally been driven by service reviews carried out by individual services. However, the Council is currently restructuring to create a Project Office that can oversee savings more corporately. In specific areas, for example around leisure, there have been workshops during the year to involve members in future decisions around efficiency.</p> | |
| plans to bridge its funding gaps and identify achievable savings page 113 | <p>The latest ten-year medium term financial plan indicates that budget gaps after ten years could be met with service cuts. In the run up to potential re-organisation, it will be important that current opportunities for efficiency now continue to be actively explored and promoted. This is already occurring. For example, the Council has undertaken good work around increasing efficiency in the future leisure contract, regardless of the fact it will run after local government reorganisation is expected. This is proactive and a good example to follow in other areas of the Council's business as the wider changes to the political landscape of Devon are agreed.</p> | G |

G

No significant weaknesses or improvement recommendations.

A

No significant weaknesses, improvement recommendations made.

R

Significant weaknesses in arrangements identified and key recommendation(s) made.

Financial sustainability – commentary on arrangements

| We considered how the Council: | Commentary on arrangements | Rating |
|--|--|--------|
| plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities | Planned spend is consistent with the Council's corporate priorities. Prior year overspends on the Housing Revenue Account are being addressed through the budget process; changes to team members; and updated training for team members so that they are clear on which spend is or is not legally required. | G |
| ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system | <p>The Medium-Term Financial Plan is consistent with other corporate plans.</p> <p>On the capital programme, month 9 data showed that there had been significant slippage in the planned General Fund capital spend (from a budget of £35 million to a forecast of £22 million). Affected areas included spend through the Economy and Regeneration directorate (£4.7 million) and through Street Scene (£8 million). We note that within the Economy and Regeneration team, there were difficulties in identifying projects to proceed with that met the required funding criteria. Within Street Scene, there were examples of new part funding from other sources being identified in the year. Overall, the information provided to Cabinet was granular and oversight over the programme was good.</p> <p>The capital programme for 2025/26 anticipates the overall value of the capital programme increasing back to around £31 million.</p> | G |

G

No significant weaknesses or improvement recommendations.

A

No significant weaknesses, improvement recommendations made.

R

Significant weaknesses in arrangements identified and key recommendation(s) made.

Financial sustainability – commentary on arrangements (continued)

| We considered how the Council: | Commentary on arrangements | Rating |
|---|---|--------|
| identifies and manages risk to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions in underlying plans | Financial risks are monitored and shared with the Audit and Governance Committee via the corporate risk register. The most recent corporate risk register included two financial risks: One around sufficiency of resources to deliver corporate resources, and one around the Housing Revenue Account Balance. The Corporate Risk Register records planned mitigations. We note that the Council assessed the Housing Revenue Account Balance risk as RED both before and after mitigation. Given that by the end of 2024/25 the Housing Revenue Account Balance is forecast to stand at £1.776 million whereas the minimum prudent amount even without allowing for headroom stands at £2.1 million, the decision to record this risk as RED/ RED on the register seems reasonable. | G |

page 115

G No significant weaknesses or improvement recommendations.

A No significant weaknesses, improvement recommendations made.

R Significant weaknesses in arrangements identified and key recommendation(s) made.

Governance – commentary on arrangements

| We considered how the Council: | Commentary on arrangements | Rating |
|---|---|--------|
| <p>monitors and assesses risk and how the Council gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud</p> | <p>The Council used a SPAR.net system for collecting, assessing and managing risk during 2024/25. The Council's Risk Management Policy states that the risk register will be shared bi-annually with the Audit and Governance Committee. For 2024/25 it was only shared once - in January 2025. However, progress on a project to replace the current system was shared twice in the year (September 2024 and January 2025). There were risk training and workshop events through the year for directors, assistant directors and corporate managers. Furthermore, officers inform us that a new risk and performance management system went live on 3rd April 2025. As an interim, before the system went live, details were recorded on spreadsheets, with all data being held and monitored there.</p> <p>The Internal Audit service is provided by the South-West Audit Partnership, and the relationship works well. We note however that there have been some delays by the Council in implementing Internal Audit recommendations. For 2024/25, there were 123 open recommendations to address by the end of Quarter 3. There is work across the Council to introduce better dashboard reporting once a new risk and performance management system is introduced. Stronger prompting to management to action internal audit recommendations should be explored as part of this work. By year end, Internal Audit reported that 40% of their recommendations had been actioned.</p> | A |

G No significant weaknesses or improvement recommendations.

A No significant weaknesses, improvement recommendations made.

R Significant weaknesses in arrangements identified and key recommendation(s) made.

Governance (continued)

Area for Improvement identified: identifying and delivering recurrent savings

Key Finding: For 2024/25, there were 123 open recommendations to address by the end of Quarter 3. There is work across the Council to introduce better dashboard reporting once a new risk and performance management system is introduced. Stronger prompting to management to action internal audit recommendations should be explored as part of this work.

Evidence: Internal audit progress reports and discussion with officers.

Impact: Slow implementation of internal audit recommendations increases risk of control weakness becoming significant.

Improvement Recommendation 1

IR1: Management should be prompted to respond in a timely fashion to internal audit recommendations.



Governance – commentary on arrangements

| We considered how the Council: | Commentary on arrangements | Rating |
|---|--|--------|
| approaches and carries out its annual budget setting process | <p>Notwithstanding the overall budget underspend by year end on the General Fund, we note that there were some areas of variance through the year. For example, at the end of month 9, areas reporting variances against budget of between 10% and 35% included corporate business services; economy and regeneration; strategic development and partnerships; sustainable homes; and finance. At year end, two areas were reporting variances of 20% against budget – finance; and sustainable homes and communities. The Council has asked Internal Audit to carry out a review of variances causes, with a view to strengthening budget setting arrangements in the future.</p> <p>We note that for the Housing Revenue Account, a new Stock Condition Report and thirty-year business plan will be available for the 2026/27 budget setting process.</p> | G |
| ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information; supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships | <p>The Council has not had an audited set of financial statements since 2020/21 and production of the draft accounts was often late, this resulted in a significant weakness in this area in the prior year. The Council published its draft 2024/25 financial statements ahead of the 30 June 2025 deadline.</p> <p>Our audit of the 2024/25 statements indicated a stepped change in the Council's commitment and ability to produce materially accurate statements and support the challenging audit process.</p> <p>Whilst lots of progress has been made in our Property Plant and Equipment (PPE) testing, our work this year continues to identify issues that individually and cumulatively are indicative of material error. The main areas of concern relate to the valuation of your leisure facilities, play areas and your depreciation charges. Given the backstop from prior year, it was never going to be possible to regain full assurance over PPE in 2024/25 but a key action for 2025/26 will be for the Council to prioritise these areas to ensure they are correctly valued going forward.</p> <p>We note that Cabinet received regular budget and treasury monitoring data throughout 2024/25. We note that by the end of 2024/25, the General Fund had made total loans of some £15.8 million to the Housing Revenue Account to minimise the need for new external borrowing at a time of raised interest rates.</p> | A |

G

No significant weaknesses or improvement recommendations.

A

No significant weaknesses, improvement recommendations made.

R

Significant weaknesses in arrangements identified and key recommendation(s) made.

Governance – commentary on arrangements

| We considered how the Council: | Commentary on arrangements | Rating |
|---|--|--------|
| ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from audit committee page 119 | <p>There are positive findings around governance:</p> <ul style="list-style-type: none"> - The Local Government Association carried out a review of progress with previous recommended actions in November 2024 and was able to report that 89% of all previous recommendations around governance, scrutiny and standards have now been implemented by the Council; - A new Chief Executive Officer was appointed to the Council in May 2024 (the role previously having been shared by three key officers). Senior officers and members have worked well together on exploring budget improvements; - East Devon District Council (EDDC) is one of eight councils in Devon to have submitted a joint proposal to the government for reorganisation. The EDDC leader and senior officers played a key role in co-ordinating the work for this proposal with the other Councils involved; and - The Audit and Governance Committee meets regularly; has access to appropriate training; and has approved the recruitment of two new independent members (the first of whom took up post at the end of 2024/25). | G |

G

No significant weaknesses or improvement recommendations.

A

No significant weaknesses, improvement recommendations made.

R

Significant weaknesses in arrangements identified and key recommendation(s) made.

Governance – commentary on arrangements

| We considered how the Council: | Commentary on arrangements | Rating |
|---|--|--------|
| <p>monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour</p> <p>page 120</p> | <p>There are arrangements for compliance with legislative and regulatory standards rest on the Constitution; the Monitoring Officer; and Contract Procedure rules.</p> <p>There are arrangements in place for complaints to be made against members where necessary. However, we are pleased to note that the number of complaints being dealt with by the Standards Committee is much lower now (9 updated in January 2025) than was the case in previous years (33 updated in November 2023), which suggests that most relationships are working well.</p> <p>We note that the Constitution was in the process of being updated at the time we completed our work.</p> | G |

G No significant weaknesses or improvement recommendations.

A No significant weaknesses, improvement recommendations made.

R Significant weaknesses in arrangements identified and key recommendation(s) made.

Improving economy, efficiency and effectiveness – commentary on arrangements

| We considered how the Council: | Commentary on arrangements | Rating |
|---|--|--------|
| uses financial and performance information to assess performance to identify areas for improvement | There has been no General Fund key performance indicator data shared with any committee since December 2023. We are aware that progress against the Council's action plan has been shared instead; and that the key performance indicator reporting system is in the process of being upgraded. The new upgraded system will need time to be fully embedded. | A |
| evaluates the services it provides to assess performance and identify areas for improvement | The Council has responded well and at pace to recommendations made by Centre for Governance and Scrutiny and the LGA Peer Review. Internal Audit reported in July 2025 that almost all issues raised by the Regulator for Social Housing on electrical safety have now been addressed. | G |
| ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives | The Council has effective arrangements for partnership working in place. A new Partnerships Policy was introduced in November 2024, and this includes defined arrangements for monitoring and review of partnership working. The Council is proactive in making sure that strategic partnerships remain fit for purpose. For example, it commissioned a strategic review of the Science Park partnership in 2024/25 and is now engaged in reviewing best future arrangements for waste and leisure partnerships. | G |
| commissions or procures services, assessing whether it is realising the expected benefits | Budgetary approval has been granted for the recruitment of a new in-house procurement officer. Updating and streamlining arrangements will be part of the new officer's remit. During a strategic review of leisure, the Council identified that break clause arrangements in one thirty-year contract needed clearer wording. An amendment was agreed with the contract partner to bring wording inline with best practice. We see this as an example of the Council being vigilant in its approach to contract management. | G |

G No significant weaknesses or improvement recommendations.

A No significant weaknesses, improvement recommendations made.

R Significant weaknesses in arrangements identified and key recommendation(s) made.

Improving economy, efficiency and effectiveness (continued)

Area for Improvement identified: identifying and delivering recurrent savings

Key Finding: There has been no General Fund key performance indicator data shared with any committee since December 2023. However, we are aware that the key performance indicator reporting system is being upgraded.

Evidence: Reports to committees; discussion with officers.

Impact: Gap in performance reporting to members.

page 122

Improvement Recommendation 2

IR2: The new upgraded key performance indicator system needs to be embedded within the business and used in 2025/26.



05 Summary of Value for Money Recommendations raised in 2024/25

Key recommendation raised in 2024/25

| Recommendation | Relates to | Management Actions |
|--|---|---|
| <p>KR1 Steps taken so far to rebuild sustainability in the HRA should be advanced, reflecting the outcome of the recent Stock Condition Report and should be embedded into business practice. This should include planning into the medium term to ensure deemed minimum balances are reinstated. The Council estimates that it will take a number of years to recover the HRA financial position which should include reserves and balances back at prudent levels and in year expenditure not exceeding income.</p> | <p>Financial sustainability (page 17)</p> | <p>Actions: Good progress has been made, and a suite of regular reports are presented to the Housing Review Board to evidence progress against the financial position, stock condition updates, and the business plan which includes financial sustainability measures and evidence.</p> <p>Responsible Officer: Director for Housing and Health; and Director for Finance.</p> <p>Due Date: Ongoing, latest position reported 1st July 2025.</p> |

Improvement recommendations raised in 2024/25

| Recommendation | Relates to | Management Actions |
|--|-----------------------------|--|
| <p>IR1 Management should be prompted to respond in a timely fashion to internal audit recommendations.</p> <p>page 125</p> | <p>Governance (page 22)</p> | <p>Actions: Actions already taken with improved organisational awareness, reporting and responsibility. Latest report to Audit and Governance Committee 24th July 2025 showed a continuing improved position with 49 actions closed since last reported. This will be kept under review by SLT.</p> <p>Responsible Officer: SLT</p> <p>Due Date: Ongoing, with quarterly reporting to the Audit and Governance Committee.</p> |
| <p>IR2 The new upgraded key performance indicator system needs to be embedded within the business and used in 2025/26.</p> | <p>EEE (page 27)</p> | <p>Actions: There is currently a live project being implemented. There have been difficulties with the supplier which has delayed progress and the Council is currently reviewing its options moving forward.</p> <p>Responsible Officer: Director for Governance.</p> <p>Due Date: March 2026.</p> |

06 Follow up of previous Key recommendations

Follow up of 2023/24 Key recommendations

| Prior Recommendation | Raised | Progress | Current status | Further action |
|---|---------|--|----------------|---|
| <p>The Council needs to review all assumptions and models used in developing the 2024/25 budget to ensure it has an accurate and robust base budget. The Council also needs to update and agree a sustainable HRA business plan as a matter of urgency and ensure that prudent levels of HRA reserves are maintained over the medium term by mitigating the impact of annual deficits on reserves. That plan should reflect the maintenance requirements of the housing stock condition survey, decarbonisation programme and other financial pressures.</p> <p>The Council should ensure that the annual draft accounts together with associated working papers are published in accordance with the national timetable.</p> | | <p>Unplanned overspends on repairs and maintenance in 2023/24 involved commitments that had to be honoured in 2024/25 and as a result HRA reserves have fallen in value and HRA borrowings have increased in value. There are steps already underway to rebuild financial sustainability, but it will take time for these to embed into normal business practice and achieve the financial turnaround hoped for. We raise a new key recommendation for 2024/25.</p> | Superseded | N/A. We raise a new key recommendation on page 17 of this report. |
| <p>KR1</p> <p>page 127</p> | 2023/24 | <p>Accounts for 2021/22, 2022/23 and 2023/24 were all backstopped. There had been issues with the timelines of accounts preparation. The Council created a new post to support faster closing on draft accounts preparation for 2024/25. Recruitment to that post is ongoing.</p> <p>A draft statement of accounts for 2024-25 has been published. We will conclude our judgements on whether the Council is able to fully support the audit process later in the year, once the post-statements audit is in progress.</p> | TBC | TBC |
| <p>KR2</p> | | | | |

07 Appendices

page 128

Appendix A: Responsibilities of the Council

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

page 129

The Council's Chief Finance Officer is responsible for preparing the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Finance Officer is required to comply with CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Appendix B: Value for Money Auditor responsibilities

Our work is risk-based and focused on providing a commentary assessment of the Council's Value for Money arrangements

Phase 1 – Planning and initial risk assessment

As part of our planning, we assess our knowledge of the Council's arrangements and whether we consider there are any indications of risks of significant weakness. This is done against each of the reporting criteria and continues throughout the reporting period.

Phase 2 – Additional risk-based procedures and evaluation

Where we identify risks of significant weakness in arrangements, we will undertake further work to understand whether there are significant weaknesses. We use auditor's professional judgement in assessing whether there is a significant weakness in arrangements and ensure that we consider any further guidance issued by the NAO.

page 130

Phase 3 – Reporting our commentary and recommendations

The Code requires us to provide a commentary on your arrangements which is detailed within this report. Where we identify weaknesses in arrangements we raise recommendations.



A range of different recommendations can be raised by the Council's auditors as follows:

Statutory recommendations – recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.

Key recommendations – the actions which should be taken by the Council where significant weaknesses are identified within arrangements.

Improvement recommendations – actions which are not a result of us identifying significant weaknesses in the Council's arrangements, but which if not addressed could increase the risk of a significant weakness in the future.

Information that informs our ongoing risk assessment

Cumulative knowledge of arrangements from the prior year

Key performance and risk management information reported to the Executive or full Council

Interviews and discussions with key stakeholders

External review such as by the LGA, CIPFA, or Local Government Ombudsman

Progress with implementing recommendations

Regulatory inspections such as from Ofsted and CQC

Findings from our opinion audit

Annual Governance Statement including the Head of Internal Audit annual opinion

Appendix C: Follow up of 2023/24 improvement recommendations

| | Prior Recommendation | Raised | Progress | Current position | Further action |
|-----------------|--|---------|---|------------------|----------------|
| IR1 page 131 | The Council should take corrective action to avoid the significant in-year cost of service variations against budget experienced in 2023/24. Where such variations are identified the Council should set out more clearly the longer-term impacts of those variances including its reasoning for how those impacts have been assessed. | 2023/24 | Internal Audit has been engaged to review budget setting arrangements with a view to reducing future variances. | Closed | N/A |
| IR2 | The Council's financial planning arrangements should be further strengthened by ensuring that the newly emerging financial risks associated with the new waste and recycling contract and payments to the Leisure Services contractor LED are managed appropriately. | 2023/24 | Proposals for new service delivery models for the waste contract are ongoing, and members are sited on developments. For the leisure contract, the Council is in discussion with its contract partner. | Closed | N/A |

Appendix C: Follow up of 2023/24 improvement recommendations

page 132

| | Prior Recommendation | Raised | Progress | Current position | Further action |
|-----|--|---------|---|------------------|----------------|
| IR3 | The Council should ensure that the new Asset Management Plan is in place prior to the 2025/26 budget planning round. | 2023/24 | Work is ongoing to develop General Fund and Housing Revenue Account Asset Management Strategies. | Closed | N/A |
| IR5 | The Council should fully implement the recommendations from the LGA Peer Challenge and the CFGS governance review. | 2023/24 | LGA Peer Reviewers concluded in November 2024 that 89% of recommended Actions had been implemented. This included recommendations around the Scrutiny Function which had been made by the Centre for Governance and Scrutiny. | Closed | N/A |
| IR5 | The Council should consider changes to further enhance its risk management arrangements | 2023/24 | A project has been ongoing throughout 2024/25 to introduce a new risk management system from April 2025. Officers inform us that the new system is now live. | Closed | N/A |

Appendix C: Follow up of 2023/24 improvement recommendations

| | Prior Recommendation | Raised | Progress | Current position | Further action |
|-----|---|---------|--|------------------|----------------|
| IR6 | An annual Counter Fraud Plan should be presented to Audit and Governance Committee annually for approval and an annual counter fraud report should be presented to Audit and Governance Committee to provide detail of the activities and outcomes of counter fraud work. | 2023/24 | A Counter Fraud Plan and Delivery Report was shared with the Audit and Governance Committee in November 2024. An arrangement has been agreed for annual presentation thereafter. | Closed | N/A |
| IR7 | The Council should consider including the following mandated sections into committee reports - equalities, public health, safeguarding, climate change, HR, property , crime and disorder, procurement and risk. | 2023/24 | Current templates include equalities and climate impacts and some limited information around financial and legal impacts. A new template has been developed and is about to go live. | Closed | N/A |

page 133

Appendix C: Follow up of 2023/24 improvement recommendations

| | Prior Recommendation | Raised | Progress | Current position | Further action |
|-----------------|---|---------|---|--|---|
| IR8 page 134 | The Council should ensure the continued effectiveness of the Audit and Governance Committee by conducting a self-assessment exercise, in line with the Chartered Institute of Public Finance and Accounting's (CIPFA) methodology. | 2023/24 | The Audit and Governance Committee shared the results of a self assessment exercise they had undertaken in November 2024. Arrangements are now being implemented for an annual report; annual evaluation; the recruitment of independent members; and introducing independent meetings with the auditors. | Closed | N/A |
| IR9 | The Council need to embed the improvements in performance management recommended in our 2022/23 Auditors Annual Report and the 2023/24 internal audit report on performance management . The Council should endeavour to report performance information to members in a timely fashion | 2023/24 | A new key performance indicator system is being developed. Action plan progress has ben shared with committee in the meantime. | Superseded. We raise a new improvement recommendation for 2024/25. | N/A. We raise a new improvement recommendation on page 27 of this report. |

Appendix C: Follow up of 2023/24 improvement recommendations

| | Prior Recommendation | Raised | Progress | Current position | Further action |
|---------------|--|---------|---|------------------|----------------|
| IR10 | An update report is presented to Housing Review Board to update them on progress against agreed improvements in complaint handling in the Housing department | 2023/24 | Quarterly key performance indicator data shared with the Housing Review Board includes data on overall satisfaction with complaints handling. | Closed | N/A |
| page 135 IR11 | The Council should embed the recommendation of the internal audit report on strategic partnerships issued during 2023/24. | 2023/24 | A new partnerships policy was adopted in November 2024. The Council is taking a proactive and strategic approach towards partnerships in the science park, waste and leisure areas. | Closed | N/A |

Appendix C: Follow up of 2023/24 improvement recommendations

page 136

| Prior Recommendation | Raised | Progress | Current position | Further action |
|--|--------|----------|--|----------------|
| <p>We would recommend that the Council should place a focus on the following:</p> <p>ensure that any enhancements to procurement and contact management arrangements are completed in line with required timescales to meet the requirements of the 2023 Procurement Act and embedded as business as usual.</p> <p>report periodically (at least annually) to members at a public meeting, such as Audit and Governance Committee the number and extent of waivers and exemptions.</p> | IR12 | 2023/24 | Budgetary approval has been granted for the recruitment of a new in-house procurement officer. Updating and streamlining arrangements will be part of the new officer's remit. | Closed N/A |

© 2025 Grant Thornton UK LLP. 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 UK LLP is a member firm of Grant Thornton International Ltd (GTIL). 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.

Report to: Audit and Governance Committee



Date of Meeting 29 January 2026

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

Statement of Accounts 2024/25 including Annual Governance Statement

Report summary:

The Council's Statement of Accounts for 2024/25 have now been audited and is available to the Audit & Governance Committee for approval.

A report is contained on the Agenda from the Council's external auditors Grant Thornton detailing the work carried out and audit conclusion.

Members are asked to note the letter of representation to Grant Thornton in respect of the financial statements for the year ended 31 March 2025.

Is the proposed decision in accordance with:

Budget Yes No

Policy Framework Yes No

Recommendation:

- (1) To adopt the 2024/25 Statement of Accounts and delegated authority is given to the Chair of Audit & Governance and the Finance Director (CFO/S151) to sign when all matters concluded.
- (2) That the letter of representation be approved and signed by the Chair of Audit & Governance and the Finance Director (CFO/S151).

Reason for recommendation:

There is a legal requirement for the Council to approve the Council's Statement of Accounts, the Council has delegated this function to the Audit & Governance Committee.

Officer: John Symes, Finance Manager, john.symes@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: Low Risk;

Links to background information

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

Report in full

1. Approval of 2024/25 Statement of Accounts

- 1.1 The Accounts, which include the Annual Governance Statement, is appended to this report for members' approval.
- 1.2 The audit is now complete subject to those points raised in Grant Thornton's audit findings report that is contained on the agenda for members' consideration.
- 1.3 The unaudited Statement of Accounts 2024/25 were signed off by the Council's S151 Officer and also available online from 30 June 2025.
- 1.4 The main highlights of the Financial Statements are included in the Narrative Report by the Finance Director.
- 1.5 The narrative report covers the main general fund outturn variances against budget, a position statement of the main reserves held, a summary position with regard to the Housing Revenue Account and also the Capital Programme outturn.
- 1.6 Similarly, the year-end financial outturn position for 2024/25 was reported to Cabinet on the 30 July 2025. This position has not changed through the preparation and audit of the accounts.
- 1.7 Members are asked to approve the 2024/25 Statement of Accounts which reflect a true and fair view of the financial position of the Council as at 31 March 2025. The Committee is also required to formally approve and sign the letter of representation (included within Grant Thornton audit findings report).

Financial implications:

There are no direct financial implication arising from this report.

Legal implications:

The legal requirements for a statement of accounts is set out within the report otherwise there is nothing which requires comment.

Report to: Audit and Governance Committee



Date of Meeting 29 January 2026

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

Annual report of Fraud & Compliance Work 2024-25 and Delivery Plan update.

Report summary:

This report covers:

- Actions and outcomes for work on fraud, error and compliance in the 2024-25 financial year.
- An update on the delivery plan that sits under the Fraud, Corruption and Compliance Strategy 2024-2028 that was approved at the Audit and Governance meeting in March 2024.

Is the proposed decision in accordance with:

Budget Yes No

Policy Framework Yes No

Recommendation:

1. That the Audit and Governance Committee approve the continuation of the Fraud, Error, and Compliance Team's proactive and reactive work for the upcoming financial year, as outlined in this report, and that the Single Person Discount (SPD) review be repeated in three years, subject to input from Devon County Council (DCC).
2. That the Committee approve the annual review and reporting for the Delivery Plan as part of the Corporate Fraud, Corruption and Compliance Strategy 2024–2028.
3. That delegated authority be granted to the Assistant Director responsible for Fraud, Error and Compliance to update the Delivery Plan throughout the year in response to changes in legislation, emerging fraud risks, or auditor recommendations. These updates will be made in consultation with the Director of Finance and the Director of Governance.

Reason for recommendation:

Recommendation 1:

The work has delivered measurable outcomes—preventing fraud, reducing error, and generating income and savings. Continuing these activities will ensure the Council remains responsive to fraud risks and maintains effective safeguards for public funds. The SPD review has been part of this and should be repeated on a cyclical basis to maintain effectiveness.

Recommendations 2 & 3:

The Delivery Plan is the operational mechanism for delivering the Fraud Strategy. Without it, there is a risk the strategic objectives will not be achieved. Given the dynamic nature of fraud, the plan

must remain flexible, regularly updated, and responsive to new threats, legislation, and external advice. Annual reporting ensures transparency and continued alignment with objectives, while delegated authority enables timely and efficient updates throughout the year.

Approving the updates on the delivery plan will ensure we continue the roadmap for the objectives of the strategy in managing fraud and protecting the public purse.

Officer: Libby Jarrett, Assistant Director – Revenues, Benefits, Corporate Customer Services, Fraud & Compliance 01395 517450

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

The Delivery Plan itself has been assessed as low impact in terms of equalities, as it serves primarily as a strategic and operational framework for delivering the objectives of the Fraud, Error, and Compliance Strategy.

Any direct investigation or enforcement action involving individuals will be carried out under the Council's Anti-Fraud, Theft and Corruption Policy or Regulatory Enforcement and Prosecution Policy, both of which are subject to appropriate equalities considerations and safeguards.

As outlined in the Strategy, where feasible, we will collect demographic data in line with our Equalities duties. This will support analysis of any potential trends or disproportionate impacts on individuals with protected characteristics and inform any adjustments or mitigations required.

Climate change Low Impact

Risk: Medium Risk; Not having a plan on how the Fraud strategy will be implemented may increase the risk of fraud and error therefore harming funding available for public services within East Devon.

Links to background information [\(Public Pack\)Agenda Document for Audit and Governance Committee, 21/03/2024 15:00 \(eastdevon.gov.uk\)](#)

[Fighting fraud and corruption locally | Local Government Association](#)

[Agenda for Audit and Governance Committee on Wednesday, 27th November, 2024, 10.30 am - East Devon](#)

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

Report in full

1. Background

1.1 In March 2024, the Audit and Governance (A&G) Committee approved the updated Fraud, Corruption and Compliance Strategy for 2024–2028. It was agreed that a supporting Delivery Plan would be developed which was approved by A&G on 27 November 2024

1.2 The Delivery Plan has been created in line with the five key pillars of the Fighting Fraud and Corruption Locally (FFCL) strategy: Govern, Acknowledge, Prevent, Pursue, and Protect.

1.3 It sets out a clear roadmap for delivery and is intended to be a live, evolving document.

1.4 The Plan outlines 29 requirements, leading to 49 identified actions which are categorised under the five FFCL pillars. The actions due are extracted in appendix 3. The full delivery plan can be accessed here [Delivery Plan 2024-28.pdf](#)

1.5 As outlined in the Plan, annual reporting to the A&G Committee on outcomes and progress is required.

2. Progress against Delivery Plan Update

At the time of writing this report, progress against the delivery plan is as follow:

- 6 actions are recurring annually
- 5 are continuous
- 2 are monthly
- 18 have been completed
- 15 actions are in progress with due completions by 31 March 2026 (some of these have required revised timelines).

3. 2024–25 Fraud, Error and Compliance Work

Appendix 1 sets out the work completed on fraud, error and compliance in the 2024-25 year these actions are set out against the 5 pillars from the FFCL checklist. It should be noted that the outcomes are work that will have involved other council teams in delivering these.

Key highlights are:

- Right to Buy reviews*: 73 cases, 3 rejected, saving £178,000
- Devon Home Choice**: 25 reviews, 6 rejected, saving £252,000
- SPD review: 3,198 cases, 702 removed, £385,195 income***
- 116 allegations of fraud closed, with identified outcomes of £60,884
- 48 missing/undervalued Business Rated assessments identified, £770,796 rating increase
- 242 NFI matches reviewed, financial value: £14,466

*Forms part of the Council's review process when an application is received. **Cases are referred to Fraud & Compliance as part of their checks. ***Part of a Devon District wide review as funded by Devon County Council.

4. 2025-26 Fraud, Error and Compliance work to date (April – November 2025)

Appendix 2 sets out the work completed on fraud, error and compliance so far in the 2025-26 year (April to November), these actions are set out against the 5 pillars from the FFCL checklist.

At the time of writing this report the key highlights are:

- 58 new allegations of fraud received
- 45 allegations of fraud closed, with identified outcomes of £61,896
- Devon Home Choice: 14 reviews, 2 rejected, saving £84,000
- 44 missing/undervalued Business Rated assessments identified, £420,421 rating increase
- 518 NFI matches reviewed, financial value: £46,897

5. Ongoing Review and Update of the Delivery Plan

5.1 In March 2024, A&G approved delegated authority for the Assistant Director responsible for Fraud and Compliance to update the delivery plan during the year to take account of changes in legislation, new and emerging fraud risks or auditors' recommendations which will be done in consultation with the Director of Finance and Director of Governance.

5.2 Due to recent staffing and resourcing challenges, updates have not yet been progressed. The SWAP Fraud Audit and risk assessment is being worked on and will provide a valuable basis for identifying and informing new areas of focus. Any updates to the delivery plan, incorporating these areas, will be shared with Audit & Governance Committee as part of the annual update.

6. Summary

6.1 The Council's counter fraud and compliance work reflects a strong commitment to protecting public funds.

6.2 The Delivery Plan provides a structured approach to fraud prevention and response, enhancing transparency and accountability.

6.3 Annual reporting to A&G enables Members to assess progress, provide challenge, and remain informed on fraud management and risks.

Financial implications:

There are no direct financial implications arising from the recommendations in this report.

Legal implications:

There are no substantive legal issues to be added to this update report.

Appendix 1

Work completed by the Fraud, Error and Compliance team throughout the 2024-25 financial year. Broken down into the 'five key pillars' Govern, Acknowledge, Prevent, Pursue and Protect.

| Govern | |
|--|---|
| Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation. Having a holistic approach to tackling fraud is part of good governance. | |
| Fraud and Error Reporting to Portfolio Holder | The Finance Portfolio Holder continues to receive regular updates on fraud and error, ensuring ongoing oversight and transparency. |
| Fraud Training – Members and Staff Module | A fraud training module, developed by SWAP in conjunction with the team, has been delivered to all members. The staff model has been tested and is ready for the Fraud Forum to sign off, it will be presented to them for approval and implementation. This will be rolled out to all existing and new staff as part of their 3 yearly mandatory training. |
| Fraud Alerts | A total of 17 fraud alerts were disseminated to Council teams and external partners, reinforcing vigilance across the organisation and ensuring timely responses to emerging fraud risks. |
| Fraud Forum | The Fraud Forum meet quarterly to approve actions on allegations received or potential frauds identified. |

| Acknowledge | |
|---|---|
| Acknowledging and understanding fraud risks and committing support and resource to tackling fraud in order to maintain a robust anti-fraud response. | |
| Procedure and Risk Assessment Updates | Updated procedures and risk assessments regarding fraud and non-compliance in relation to Council Tax and Housing Benefits were implemented in line with the Regulatory, Enforcement, and Prosecution Policy and also the Household Support Fund schemes. |
| Referral Process Review | An updated referral process for compliance and fraud matters was introduced to the Fraud Forum to improve reporting standards and transparency. |

| Prevent | | | |
|--|---|--|---|
| Preventing and detecting more fraud by making better use of information and technology, enhancing fraud controls and processes, and developing a more effective anti-fraud culture. | | | |
| Task | Actions / amount completed | Actions Outcome | Financial outcome |
| Right to Buy (RTB) Applications | In 2024/25, 73 RTB applications were reviewed | 6 applications were returned for clarification and 3 applications were rejected, | 3 RTB applications rejected, avoiding a potential loss of £178,700 (*calculations) |

| | | | |
|---------------------------------------|---|--|---|
| | | preventing discounted sales. | |
| Devon Home Choice Applications | A total of 25 Devon Home Choice applications were referred for further verification. | 2 applications were deferred, and 6 applications were rejected | A prevention saving of £252,000, based on government-calculated average savings per property. <i>(** calculations)</i> |
| Housing Allocations | A total of 153 housing allocation assessments were reviewed to ensure fair and accurate distribution of housing resources | 7 cases were returned for additional information to clarify eligibility. | |

| Pursue | |
|---|---|
| Punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive local enforcement response. | |
| Local authorities have achieved success by following this approach; however, they now need to respond to an increased threat and protect themselves and the community. | |
| Fraud Allegations | A total of 51 new fraud referrals were received during 2024/25, broken down as follows: <ul style="list-style-type: none"> • Tenancy Fraud: 12 • Council Tax Reduction: 25 • Council Tax (general): 13 • Non-Domestic Rates: 1 |
| Closed Cases | A total of 116 cases were closed, resulting in a financial outcome of £60,884 (3-year rule £89,073). These outcomes include recovered funds, cancelled discounts, and penalties. |
| Department for Work and Pensions (DWP) Referrals | 28 cases were referred to the DWP during 2024-25 for further investigation, collaborating with other agencies to address fraud in the welfare system. |
| Rates Liability Avoidance/Compliance Case | A significant compliance litigation case regarding rates liability avoidance was resolved in April 2024, recovering £300,290 in rates, including legal fees. <ul style="list-style-type: none"> • Outcome: £42,357 retained by East Devon and £35,000 in legal fees recovered. |

Protect

Protecting against serious and organised crime, protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community.
For a local authority this will also cover protecting public funds, protecting its organisation from fraud and cybercrime and also protecting itself from future frauds.

| Task | Actions & Outcomes |
|--|---|
| Single Person Discount Review (in conjunction with Capacity Grid) – Council Tax | <p>3198 accounts in receipt of a Single Person Discount were reviewed, and the associated work identified 702 cases where the SPD was removed, resulting in £385,195 income from the following:</p> <ul style="list-style-type: none"> • £371,195 - Council Tax increase (Over 3 years £1.1m) • £14,000 - Penalties applied to Council Tax accounts. <p>In addition to the above, this resulted in 132 Council Tax Reduction claims being re-assessed which would have created additional savings but currently not recorded.</p> |
| Small Business Rate Relief review | <p>3060 cases identified, 2133 were reviewed in 2024-25 year resulting in:</p> <ul style="list-style-type: none"> • 12 Accounts where SBRR was removed (£11,059 increase in rates payable) • 120 Accounts where changes in liability were made • 77 Properties were removed from rating (no longer in Non-Domestic Rates) <p>The remaining 927 cases will be completed in 2025-26 year</p> |
| Missing or undervalued Business Rateable assessments | <p>48 cases were identified (changes without planning), resulting in an increase in Rateable Value of £1,014,145, which equates to rating income of £770,796 up to 01/04/2025 (£2.3m over 3 years)</p> |
| National Fraud Initiative (NFI) | <p>The National Fraud Initiative (NFI) is an essential tool for fraud detection and prevention. NFI matches are currently being processed with expected completion by January 2026.</p> <ul style="list-style-type: none"> • Outcome: 242 matches completed, circa 900 remaining. The financial value identified through this work to date is £14,466. |

***RIGHT TO BUY CALCULATIONS:** Our calculations are based on EDDC's Housing Stock Valuations as of 31 March 2024 and the Right to Buy discounts tenants would have received.

Before 21 November 2024: Tenants received a 35% discount after 3–5 years in public housing. After 5 years, the discount increased by 1% for each extra year (2% for flats), up to a maximum of 70% (50% for flats) or £102,400 — whichever was less.

From 21 November 2024 onwards: The same discount percentages applied, but the maximum discount was reduced to £30,000 for the Southwest region.

****TENANCY FRAUD / DEVON HOME CHOICE SAVINGS CALCULATIONS:** This is the national standard formula to arrive at an average national cost for measuring tenancy fraud. [Calculating losses from housing tenancy fraud - Prevent Charity Fraud](#)

Appendix 2

Work completed by the Fraud, Error and Compliance team so far in the 2025-26 financial year. Broken down into the 'five key pillars' Govern, Acknowledge, Prevent, Pursue and Protect.

| Govern | |
|--|---|
| Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation. Having a holistic approach to tackling fraud is part of good governance. | |
| Fraud Risk Assessment | SWAP has completed the Fraud Risk Assessment stage 1 for EDDC, it covers all inherently high-risk areas within the Authority. Actions are due to be discussed with service leads; the first meeting is scheduled for 13 January 2026. |
| Fraud and Error Reporting to Portfolio Holder | The Finance Portfolio Holder continues to receive regular updates on fraud and error, ensuring ongoing oversight and transparency. |
| Fraud Training – Members and Staff Module | The new staff training module 'Fraud Awareness Training' is now live, it has been added to employees eLearning accounts. It has been promoted by email and in Stay Connected. |
| Fraud Alerts | A total of 15 fraud alerts received have been disseminated to Council teams and external partners, reinforcing vigilance across the organisation and ensuring timely responses to emerging fraud risks. |
| Fraud Forum | The Fraud Forum meet regularly to approve actions on allegations received or potential frauds identified. The last meeting was 19 November 2025. |

| Acknowledge | |
|---|---|
| Acknowledging and understanding fraud risks and committing support and resource to tackling fraud in order to maintain a robust anti-fraud response. | |
| Procedure and Risk Assessment Updates | The SWAP Fraud Risk Assessment stage 1 has now been completed; subsequent actions are due to be agreed with service leads for the risk areas identified. |
| Referral Process Review | The team in conjunction with SWAP are working on the referral process to authorise investigations, actions and closure of cases. The updated processes are due to be presented to the Fraud Forum in January 2026. |
| Resource, Qualifications and CPD | EDDC now has a fully qualified Accredited Counter Fraud Specialist, and the teams work is now being managed by external fraud specialists from SWAP who are also fully accredited. This provides support and resource in the efforts to tackle fraud. |

| Prevent | | | |
|--|-----------------------------------|------------------------|--------------------------|
| Preventing and detecting more fraud by making better use of information and technology, enhancing fraud controls and processes, and developing a more effective anti-fraud culture. | | | |
| Task | Actions / amount completed | Actions Outcome | Financial outcome |
| | | | |

| | | | |
|--|---|---|--|
| Right to Buy (RTB) Applications | So far in 2025-26 13 RTB applications have been reviewed | 2 applications were returned for clarification / extra information | |
| Devon Home Choice Applications | A total of 14 Devon Home Choice applications have been referred for further verification. | 4 applications were returned to gather more information, and 2 applications were rejected | A prevention saving of £84,000, based on government-calculated average savings per property. <i>(** calculations)</i> |
| Housing Allocations | A total of 87 housing allocation assessments have been reviewed to ensure fair and accurate distribution of housing resources | 10 cases were returned for additional information to clarify eligibility. | |

| Pursue | |
|---|--|
| Punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive local enforcement response. | |
| Local authorities have achieved success by following this approach; however, they now need to respond to an increased threat and protect themselves and the community. | |
| Fraud Allegations | A total of 61 new fraud referrals have been received so far during 2025/26, broken down as follows: <ul style="list-style-type: none"> • Tenancy Fraud: 6 • Council Tax Reduction: 18 • Council Tax (general): 21 • Non-Domestic Rates: 2 • Devon Home Choice: 14 |
| Closed Cases | A total of 45 cases have been closed, resulting in a financial outcome of £61,896 (3-year rule £86,264). These outcomes include recovered funds, cancelled discounts, and penalties. |
| Department for Work and Pensions (DWP) Referrals | 26 cases have been referred to the DWP so far this year (4 open cases and 22 NFI identified cases) for further investigation, collaborating with other agencies to address fraud in the welfare system. |
| DWP Joint working Interviews Under Caution | 1 Interview Under Caution has been completed on joint working cases, there are a further 5 cases where these joint interviews are likely to take place. |
| Webpages and Online reporting | A new webpage has been designed specific to Fraud, this will be public facing and will include a new (firmstep) online reporting form, making it easier for people to report fraud for us to investigate. |

| | |
|------------------------------|--|
| Council Tax Penalties | So far in 2025/26 6 civil penalties have been added to Council Tax accounts. Financial outcome £420. |
|------------------------------|--|

| Protect | |
|--|--|
| Protecting against serious and organised crime, protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community. | |
| For a local authority this will also cover protecting public funds, protecting its organisation from fraud and cybercrime and also protecting itself from future frauds. | |
| Task | Actions & Outcomes |
| Small Business Rate Relief review | <p>There are 855 accounts still under review.</p> <p>The overall figures have not been calculated for this yet.</p> <p>There have been 15 changes in liability recorded where the SBRR in payment has been stopped to those individuals/businesses.</p> |
| Missing or undervalued Business Rateable assessments | 44 cases have been identified (changes without planning), resulting in an increase in Rateable Value of £502,075, which equates to rating income of £420,421 up to 01/04/2026 (£1.17million over 3 years) |
| National Fraud Initiative (NFI) | <p>The National Fraud Initiative (NFI) is an essential tool for fraud detection and prevention. NFI matches are currently being processed with expected completion by March 2026.</p> <ul style="list-style-type: none"> • Outcome: 518 matches completed, with the financial value identified through this work £46,897 • (+ 242 matches completed in 2024-25, with the financial value identified of £14,466) • Total outcome of the NFI work to date: 760 matches complete with a financial value of £61,363 • 361 matches left to complete |
| Council Tax 2nd home review | This has been highlighted as a high-risk area due to the premium charges being introduced in April 2025. A pilot has been undertaken, and a wider review is being planned. |

Appendix 3 – Fraud Delivery Plan – 2024-25 / 2025-26 actions

| | Source | Requirement | In Place / Action | Due | Owner | Status & Comments |
|---------------|---|---|--|----------------------------------|------------------------|--|
| Govern | | | | | | |
| 1 | Fighting Fraud and Corruption Locally (FFCL) Checklist (16) (Partially complete) Grant Thornton Auditors Annual Report for 22/23 (Outstanding recommendation) | <p>There is an independent and up-to-date whistleblowing policy which is monitored for take up and can show that suspicions have been acted upon without internal pressure.</p> <p>Policy due to be reviewed and approved by January 2025 in line with Grant Thornton 22/23 auditors report (improvement recommendation 4 p54) to provide greater detail on the process and the safeguards for whistleblowers and publish the policy for all officers and members as well as providing a downloadable PDF of the policy on its website.</p> | <p><u>In Place</u></p> <p>Whistleblowing policy in place and reviewed and approved by Audit & Governance Committee (A&G) in January 2022.</p> <p><u>Action</u></p> <p>Policy to be reviewed to take account of Grant Thornton recommendation and approved by A&G.</p> <p>A downloadable copy has been placed on the website and a revised policy is to be taken to the Audit and Governance Committee in November 2024 for approval.</p> | January 2025 January 2025 | Director of Governance | <p>The Whistleblowing Policy was reviewed in early 2025 to ensure that the appropriate officers to be contacted in the event of an allegation were correctly identified and that their contact details were up to date.</p> <p>A wider review of the Policy is now required and forms part of the work being undertaken by the Constitution Working Group.</p> <p>A revised Policy is currently in progress and is scheduled to be considered by the Constitution Working Group on 18 February 2025. Subject to approval, it will then be submitted to the Audit and Governance Committee on 19 March 2026, followed by Full Council on 15 April 2026.</p> <p>Date of amendment: April 2026</p> |

| | | | | | | |
|---|---|--|---|------------|------------------------|--|
| 2 | SWAP Audit Baseline Report Sept 2022 – Theme 3: Policy Related (Outstanding recommendation) | The organisation has an appropriate and approved money laundering policy available to stakeholders. | <p><u>In Place</u></p> <p>EDDC has a Proceeds of Crime Act (Anti Money laundering) policy which is due to be reviewed.</p> <p><u>Action</u></p> <p>To be reviewed, updated, and signed off by A&G. Updated policy to be added to the internet.</p> | March 2025 | Director of Finance | This is now planned to go to the Audit & Governance meeting for 19 March 2026. |
| 3 | FFCL Checklist (5) (Partially complete) SWAP Audit Baseline Report Sept 2022 – Theme 4: Committee Related (Outstanding recommendation) | <p>The Audit committee supports counter fraud work and challenges the level of activity to ensure it is appropriate in terms of fraud risk and resources.</p> <p>Audit Committees and Portfolio Lead roles in relation to fraud management are agreed and understood, including Awareness and support counter fraud activity (including proactive and reactive) and receive training to support them; Receiving of regular reports on the work of those leading on fraud; Supporting counter fraud work and challenges the level of activity to ensure it is appropriate in terms of fraud risk and resources.</p> | <p><u>In Place</u></p> <p>Annual reports submitted to A&G from both Internal and External auditors on risks and potential threats.</p> <p>Members induction process includes code of conduct and standards in public life.</p> <p><u>Action</u></p> <p>The member development working group are reviewing the member development programme to ensure all relevant training provided and that all members have completed their mandatory training.</p> | March 2025 | Director of Governance | Completed - Members training completed in January 2025 |

| | | | | | |
|--|--|---|--|---|---|
| | | <p>A&G members to be provided with training to understand their specific role in relation to fraud risks as per the terms of reference. An invite to be sent to the Finance portfolio holder to attend the training.</p> <p>Fraud to be included in the responsibilities listed against the finance Portfolio Holder to be referenced within the constitution.</p> <p>Annual report submitted by Fraud, Error & Compliance (FEC) team to A&G at first meeting after year end.</p> <p>Updates are provided to portfolio holder as part of their monthly updates.</p> | <p>January 2025</p> <p>March 2025</p> <p>Annually</p> <p>Monthly</p> | <p>Assistant Director Revenues, Benefits, Customer Service, Fraud & Compliance</p> <p>Director of Finance</p> <p>Assistant Director Revenues, Benefits, Customer Service, Fraud & Compliance</p> <p>Assistant Director Revenues, Benefits, Customer Service, Fraud & Compliance</p> | <p>Completed - Training completed in January 2025</p> <p>Completed - Referenced in the Constitution</p> <p>Completed - Report to A&G January 2026</p> <p>Completed - Updates being provided at portfolio holder meeting with assistant director</p> |
|--|--|---|--|---|---|

| | | | | | | | | | | | |
|---|--|--|---|-----------------|--------------|--------------|------------|-------------------|---------------|--|--|
| 4 | FFCL Checklist (7) (Partially Complete) | <p>The local authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.</p> | <p><u>In Place</u></p> <p>Council has a range of policies, strategies, and codes in place, including:</p> <ul style="list-style-type: none"> • Code of Conducts for staff • Whistleblowing Policy • Fraud and Corruption Strategy • Policies relating to declaration of interest and gifts and hospitality. • Financial Procedure Rules • Contract Procedure Rules • Anti-Fraud and Corruption Policy <p>Audit and Governance Committee has oversight of the governance statement.</p> <p>Internal audit function delivered through SWAP which consider these aspects when delivery its annual audit plan.</p> | Dates published | January 2023 | January 2022 | March 2024 | Anti-bribery 2018 | November 2018 | | |
|---|--|--|---|-----------------|--------------|--------------|------------|-------------------|---------------|--|--|

| | | | | | | |
|---|----------------|---|---|---|---|---|
| | | <p><u>Action</u></p> <p>Policies reviewed and updated in line with any legislative, technical, and/or administrative changes that need to be made. A programme of work for reviewing and updating any necessary amendments to be in place based on risk and date.</p> | Continuous | SWAP/ Revenue Fraud & Compliance Manager/ Assistant Director Revenues, Benefits, Customer Service, Fraud & Compliance | <p>Ongoing - Policies are reviewed and updated in line with legislative, technical, and administrative changes, with a risk-based programme in place to manage amendments.</p> <p>Examples include Whistleblowing and Anti-Money Laundering</p> | |
| 5 | Fraud Strategy | <p>Continue work to review the procedures and documentation used in relation to fraud and compliance work. This is to ensure we have a robust governance framework in place.</p> | <p><u>In Place</u></p> <p>There are already policies and procedures in place to manage Fraud and Compliance work.</p> <p><u>Action</u></p> <p>To continually develop and ensure our policies and procedures are in-line with current best practice, legislation and on the use of technology, covering all areas of fraud and</p> | Continuous | SWAP/ Revenue Fraud & Compliance Manager/ Assistant Director | <p>Ongoing - We are continually updating our policies and procedures to align with best practice, legislation, and technological advancements, addressing all areas of fraud and error risk to the local authority.</p> |

| | | | | | |
|--|--|---|--|--|--|
| | | <p>error that the local authority is exposed too.</p> | | Revenues, Benefits, Customer Service, Fraud & Compliance | <p>SWAP has recently completed an initial fraud risk assessment for EDDC.</p> <p>The exercise included an assessment of fraud risk (both inherent and residual) across Council service areas, together with the rationale for scoring and a summary of existing controls. Risks are categorised as either internal or external threats. Residual risk scores have been aligned to the EDDC Corporate Risk Management Grid, and visualised on a heat map - attached as appendix 4.</p> <p>The second part to the fraud risk assessment and recommended next steps are to:</p> <ul style="list-style-type: none">• Assign owners – Appoint responsible individual/s to keep the assessment up to date as a live reflection of fraud risk. Establish a continuous review cycle – ensuring that the assessment stays relevant and responsive to changes in internal or external factors. |
|--|--|---|--|--|--|

| | | | | | |
|---|---|---|--|--|---|
| | | | | | <ul style="list-style-type: none"> • Define risk appetite – Determine what levels of risk are acceptable to the organisation. • Use the appetite to guide action – Once appetite is set, prioritise further action on each risk, with timelines and milestones. • Consider integrating into a risk management system to help streamline the process. • Support proactive and detective measures – The assessment should inform fraud prevention, detection, and annual audit planning. • Maintain a feedback loop – Incorporate insights from audit and assurance work (from SWAP and others), as well as any reactive fraud investigations. |
| 6 | FFCL Checklist (33) (Partially Complete) | The counter fraud team has access to the FFCL regional network. There are professionally trained and accredited staff for counter fraud work. If auditors undertake counter | <u>In Place</u> Fraud staff have access to the latest information via Credit Industry Fraud Avoidance System (CIFAS), Chartered Institute of Public Finance and Accountancy | | |

| | | | | | | |
|--|---|---|---|--|--|--|
| | <p>SWAP Audit Baseline Report Sept 2022 – Theme 5: Culture and Awareness (Partial outstanding item)</p> | <p>fraud work, they too must be trained in this area. The counter fraud team has adequate knowledge in all areas of the local authority or is trained in these areas. The counter fraud team has access (through partnership/ other local authorities/or funds to buy in) to specialist staff for:</p> <ul style="list-style-type: none"> – surveillance – computer forensics – asset recovery – financial investigations. <p>Weaknesses revealed by instances of proven fraud and corruption are scrutinised carefully and fed back to departments to fraud-proof systems.</p> | <p>(CIPFA), National Anti-Fraud Network (NAFN), Institute of Revenues Rating and Valuation (IRRV), Local Authority Civil Enforcement Forum (LACEF) Knowledge Hub and other bodies. Regular updates to training and Continuous Professional Development (CPD) available. Along with, SWAP and NAFN fraud alerts received by team. Attending various fraud conferences (Tenancy Fraud Forum, Oxford Fraud Conference)</p> <p>CIFAS accredited counter fraud specialist training completed by Fraud Manager.</p> <p>Members have induction training on codes of conduct and seven principles of public life.</p> <p>Council also has access to qualified investigators from SWAP internal audit services.</p> <p>Fraud strategy that reflects best practice</p> <p>SWAP's counter fraud team regularly share fraud alerts with</p> | | | |
|--|---|---|---|--|--|--|

| | | | | | |
|---|----------------------------------|---|--|--|---|
| | | <p>the Council on rising and successful fraud threats.</p> <p><u>Action</u></p> <p>Fraud officer to complete the CIPFA Level 4 Counter Fraud Investigator Apprenticeship.</p> <p>CPD for the Fraud, Error and Compliance team ensuring they are informed of latest requirements including where appropriate membership to professional bodies in fraud.</p> | <p>December 2025</p> <p>Continuous</p> | <p>Revenues Fraud and Compliance Manager</p> | <p>Completed – results received October 2025</p> <p>Ongoing - Continuous CPD ongoing, including CIPFA learning, Conferences.</p> <p>SWAP management/relationship enables the use of their team for sharing knowledge/ training opportunities.</p> |
| 7 | FFCL Checklist (3) (Outstanding) | <p>There is an annual report to the audit committee, or equivalent detailed assessment, to compare against FFCL 2020 and this checklist.</p> | <p><u>In Place</u></p> <p>An assessment against the FFCL checklist has been carried out to inform our delivery plan and presented to A&G.</p> <p><u>Action</u></p> <p>Present a progress report against compliance of the FFCL checklist</p> | <p>Annually</p> | <p>Assistant Director Revenues,</p> <p>Complete - Reporting at A&G, January 2026</p> |

| | | | | | | |
|---|---|--|---|---------------------------------------|---|---|
| | | | at the first A&G committee meeting of each financial year. | | Benefits, Customer Service, Fraud & Compliance | |
| 8 | <p>FFCL Checklist (15) (partially complete)</p> <p>SWAP Audit Baseline Report Sept 2022 – Theme 5: Culture and Awareness (Outstanding Item)</p> <p>Grant Thornton Auditors Annual Report for 21/22 (Outstanding recommendation)</p> | <p>There is a programme of work to ensure a strong counter fraud culture across all departments and delivery agents led by counter fraud experts.</p> <p>The organisation educates and trains employees regarding the importance of ethics and anti-fraud programs and senior management exhibit and encourage ethical behaviour.</p> <p>The Council should strengthen governance arrangements in line with Grant Thornton 21/22 auditors report (improvement recommendation 3 p31) providing specific training for members of overview, scrutiny and A&G.</p> | <p><u>In Place</u></p> <p>Induction and 3-year mandatory training on whistleblowing and Bribery Act in place for staff. Induction training for members on principles in public life and code of conduct in place. Members of Overview, Scrutiny and A&G committees received training as part of the induction in the summer of 2023.</p> <p><u>Action</u></p> <p>Fraud training module adopted as part of the induction for new staff and then rolled out to all existing staff. To be made mandatory and completed every 3 years in line with other fraud training (Bribery & Whistleblowing).</p> <p>In line with Grant Thornton 21/22 auditors report, members training programme to be reviewed and updated to include specific member training for</p> | <p>March 2025</p> <p>January 2025</p> | <p>Director of Governance</p> <p>Director of Governance</p> | <p>Complete – distributed to all staff November 2025, staff have until 31 January 2026 to complete it before being chased. They are currently being reminded weekly in the 'one team East Devon' emails.</p> <p>Completed - Training completed for A&G January 2025</p> |

| | | | | | | |
|---|---|--|--|---------------|---|--|
| | | | <p>A&G to better understand their roles, including fraud.</p> <p>Bespoke fraud awareness sessions delivered on a rolling basis for services with a higher risk to fraud.</p> | March 2026 | Assistant Director Revenues, Benefits, Customer Service, Fraud & Compliance | <p>Ongoing –</p> <p>Council Tax team bespoke training completed by Team.</p> <p>Bespoke training being designed for Streetscene Mobile Operatives.</p> |
| 9 | <p>FFCL Checklist (6) (Partially Completed)</p> <p>SWAP Audit Baseline Report Sept 2022 – Theme 3: Policy Related (Partially outstanding item)</p> <p>FFCL Checklist (27) (Partially completed)</p> | <p>There is a counter fraud and corruption strategy applying to all aspects of the local authority's business which has been communicated throughout the local authority and acknowledged by those charged with governance.</p> <p>There is a zero-tolerance approach.</p> <p>There is a zero-tolerance approach to fraud and corruption that is defined and monitored, and which is always reported to committee.</p> | <p><u>In Place</u></p> <p>A new Fraud strategy was approved in March 2024.</p> <p>The delivery plan has been developed with input from the Director of Finance, Director of Governance and SWAP.</p> <p>As set out in paragraph 2.3 of the Corporate Fraud, Corruption and Compliance Strategy EDDC has a zero-tolerance approach to fraud and corruption.</p> <p><u>Action</u></p> <p>A&G to approve the delivery plan.</p> | November 2024 | Assistant Director Revenues, Benefits, Customer Service, | Completed - Delivery Plan agreed by A&G November 2024 |

| | | | | | | |
|--------------------|---|--|--|---------------|---|---|
| | | | Fraud Strategy and the associated Delivery Plan to be communicated to the wider business. Intranet and website to be updated with latest versions of the strategy. | December 2024 | Fraud & Compliance | Ongoing - Strategy to be uploaded onto website, Fraud webpages drafted – awaiting review and signoff Date Amendment – 1 February 2026 |
| Acknowledge | | | | | | |
| 10 | FFCL Checklist (18) (Partially Complete) SWAP Audit Baseline Report Sept 2022 - Theme 1: Resource and Communication (Outstanding recommendation) | Fraud resources are assessed proportionately to the risk the local authority faces and are adequately resourced. The organisation has internal audit and external audit planning aligned to fraud risks. Fraud resources are assessed proportionately to the risk the local authority faces and are adequately resourced. | <u>In Place</u> Annually the councils internal and external audit align their planning to fraud risks. SWAP's Assistant Director ensures that fraud risk areas are included in the annual audit plan through discussion with the SWAP Counter Fraud Team. <u>Action</u> The Fraud risk assessment completed in September 2021 to be reviewed, updated, and assessed proportionately against the current risks faced by the Council to ensure adequate resourcing. | June 2025 | SWAP/ Revenue Fraud & Compliance Manager/ Director of Finance | Completed - Fraud Risk Assessment complete and is being reviewed to identify action areas Original FRA completed in 2021, and has been revisited in 2025 |
| 11 | FFCL Checklist (4) (Partially Complete) | The relevant portfolio holder has been briefed on the fraud risks and mitigation. | <u>In Place</u> Portfolio Holder is provided with an update on current Fraud | | | |

| | | | | | |
|----------|---|---|---------------|--|--|
| | | <p>position as part of the Assistant Director monthly update.</p> <p>Portfolio Holder will have access to all future reports that go to A&G.</p> <p><u>Action</u></p> <p>Portfolio holder to be briefed on any new risks and activities to mitigate against them as part of the Assistant Director monthly update.</p> | Monthly | Fraud Team/ Assistant Director Revenues, Benefits, Customer Service, Fraud & Compliance | Ongoing - Portfolio holder being updated from the Assistant Director |
| page 162 | 12 FFCL Checklist (23) (partially complete) SWAP Audit Baseline Report Sept 2022 – Theme 6: Reporting. Investigating and Monitoring (outstanding recommendation) | <p>All allegations of fraud and corruption are risk assessed.</p> <p><u>In Place</u></p> <p>Allegations for Fraud and corruption are being risk assessed.</p> <p><u>Action</u></p> <p>To review the procedures and risk assessment for allegations of Fraud and Corruption and agreed by the S151 and Monitoring Officer.</p> | November 2024 | Director of Finance/ Director of Governance / Assistant Director Revenues, Benefits, Customer Service, Fraud & Compliance | Completed - Allegations are assessed, assessment method being reviewed by SWAP |

| | | | | | |
|--|---|--|-------------------|-------------------------------|---|
| <p>13</p> <p>FFCL Checklist (12) (Partially complete)</p> <p>FFCL Checklist (14) (Partially complete)</p> <p>SWAP Audit Baseline Report Sept 2022 – Theme 3: Policy Related (Outstanding recommendation)</p> | <p>The local authority has put in place arrangements for monitoring compliance with standards of conduct across the local authority covering:</p> <ul style="list-style-type: none"> – codes of conduct including behaviour for counter fraud, anti-bribery, and corruption – register of interests – register of gifts and hospitality. <p>Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality, and business. This is checked by auditors and reported to committee.</p> <p>The local authority has put in place arrangements for monitoring compliance with standards of conduct across the local authority covering: Codes of conduct including behaviour for counter fraud, anti-bribery, and corruption; Register of interests; Register of gifts and hospitality; and Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and business. This is checked independently.</p> | <p><u>In Place</u></p> <p>Register of interests, gifts, and hospitality in place. Paper based system held within legal.</p> <p>Employee and member code of conducts in place.</p> <p>Code of conduct included in new starter link for all employees.</p> <p><u>Action</u></p> <p>Code of conduct training for all employees to be made mandatory when joining and then every 3 years thereafter in line with whistleblowing and anti-bribery training. All Members to receive code of conduct training as part of their induction plan.</p> <p>The gifts and hospitality protocol which has been drafted to be signed off and published.</p> | <p>March 2025</p> | <p>Director of Governance</p> | <p>Is referenced in induction and is part of the Constitution.</p> <p>There is a link to it on the intranet. Further Code of Conduct training for members is due to be scheduled in February/March 2026</p> <p>Employee and Councillor Codes of Conduct which can be located in the Council's Constitution.</p> <p>Gifts and Hospitality Protocol for Members approved by Council in late 2025.</p> <p>Regular updates now being provided to Standards Committee on the Gifts and Hospitality declared by officers and members.</p> |
|--|---|--|-------------------|-------------------------------|---|

| | | | | | | |
|----|--|--|--|------------|------------------------|---|
| | | | Online form to be created for members and staff to register interests, gifts, and hospitality with regular 2 monthly reminders to be sent to staff and members. | March 2025 | Director of Governance | Ongoing - There is an online form for the application for registering hospitality and gifts. Regular reminders continue to be issued and reporting to Standards introduced. Improvements to be made to the Officer gifts and hospitality declaration process (to introduce an online rather than paper process) in this first quarter 2026. |
| 14 | <p>FFCL Checklist (2) (Partially complete)</p> <p>FFCL Checklist (1) (Partially Complete)</p> <p>SWAP Audit Baseline Report Sept 2022 – Theme 2: Risk Management (Outstanding recommendation)</p> <p>SWAP Fraud Risk Assessment – September 2021</p> | <p>The local authority has undertaken a fraud risk assessment against the risks and has also undertaken horizon scanning of future potential fraud and corruption risks. This assessment includes the understanding of the harm that fraud may do in the community.</p> <p>The local authority has made a proper assessment of its fraud and corruption risks, has an action plan to deal with them and regularly reports to its senior Board and its members.</p> | <p><u>In Place</u></p> <p>SWAP fraud risk assessment completed September 2021 covering the following areas:</p> <p>A. HR & Payroll <i>Recruitment and selection, Pension Fund, Payroll, and Expenses</i></p> <p>B. Tax, Rates & Benefits <i>Council Tax, Business Rates, and Housing Benefit</i></p> <p>C. Finance, Procurement, Contracts <i>Income (use of cash), Income (Non-cash), creditors, Contracts/Procurement, Insurance, Mandate, Asset/Stock, Treasury</i></p> | | | |

| | | | | |
|-----------------------------|--|------------------|---|--|
| <p>(Outstanding action)</p> | <p>D. Allowances, funding, <i>Housing Grant, Housing and tenancy</i> E. Cyber <i>Technology enabled services.</i> F. Other <i>Planning, Licensing, Elections, Covid Grants</i></p> <p>SWAP's Assistant Director ensures that fraud risk areas are included in the annual audit plan through discussion with the SWAP Counter Fraud Team.</p> <p><u>Action</u> Following the fraud risk assessment being updated (requirement 10) we will then work with SWAP and the relevant service managers to establish the follow on actions, and these are updated within the delivery plan.</p> <p>An annual workplan is presented to A&G with proactive risk based work and reactive activity built in.</p> | <p>June 2025</p> | <p>Assistant Director Revenues, Benefits, Customer Service, Fraud & Compliance /Director of Finance/ SWAP</p> | <p>Ongoing – Fraud Risk Assessment and follow on actions in the process of being arranged / agreed. SWAP's Counter Fraud Team are included as part of the annual audit planning cycle and meetings are arranged in Q4 to determine what proactive counter fraud work will be undertaken in 2026-27. The results of the FRA will be considered at these meetings.</p> <p>Completed – Contained within this report</p> |
|-----------------------------|--|------------------|---|--|

| | | | | | Service, Fraud & Compliance /Director of Finance/ SWAP | |
|----|---|--|--|-----------------------------|---|--|
| 15 | FFCL Checklist (8) (Partially Complete) SWAP Audit Baseline Report Sept 2022 – Theme 2: Risk Management (Outstanding action) Grant Thornton Auditors Annual Report for 22/23 (Outstanding recommendation) | The risks of fraud and corruption are specifically considered in the local authority's overall risk management process. The cabinet should in line with Grant Thornton 22/23 auditors report (improvement recommendation 2 p52) receive updates on strategic risks, including mitigation and direction of travel and each portfolio holder should receive reports on the operational risks arising in the services and areas of operation for which they are responsible, at least four times a year. | <u>In Place</u> There is mention of fraud in the risk management policy and the operational risk register but not in the corporate risk register. <u>Action</u> Cabinet needs to receive risk reports. To be implemented in 2024/25. The SWAP fraud risk assessment to be incorporated into the risk management process by Directors, Assistant Directors, and corporate leads and consideration on whether fraud should be included on the corporate risk register. | March 2025 June 2025 | Director of Finance SWAP / Director of Finance | Officer not in post and will be progressed in first performance update to Cabinet – May /June 2026. Ongoing – Actions from FRA being arranged and will be agreed with Directors, Assistant Directors and Corporate leads, this will lead to risks being addressed in the risk management process. |
| 16 | FFCL Checklist (29) (Partially Completed) | The counter fraud team works jointly with other enforcement agencies and encourages a | <u>In Place</u> The team currently share data and work jointly with the DWP, HMRC, DWP and NFI. We also | | | |

| | | | | | | |
|----|--|---|---|----------------|--|--|
| | | corporate approach and co-location of enforcement activity. | share data in-house for regulatory and enforcement requirements. DWP can recommend for sanctions be applied in relation to Fraud and Error cases as an alternative to prosecution. <u>Action</u> To work more proactively with other enforcement agents instead of reactively. To set up regular meetings with partner agencies to discuss initiatives and closer joint working. | September 2025 | AD – Revenues & Benefits, Customer Services | Complete – Operational management transferred to SWAP, West of England Fraud Group restarted, DWP joint working, including joint interviews under caution |
| 17 | FFCL checklist (25) (Partially Complete) | The fraud response plan is linked to the audit plan and is communicated to senior management and members. | <u>In Place</u> Fraud strategy in place and approved by A&G committee in March 2024 Director of Finance, Director Governance and SWAP consulted in drafting the plan. <u>Action</u> Delivery Plan and Annual Plan to be communicated to ELT and A&G. Both to be shared with SWAP and Grant Thornton once signed off so they can be | Annually | Swap/ Grant Thornton/ Assistant Director Revenues, Benefits, Customer Service, | Ongoing - Once this report is approved, updates based on the SWAP fraud risk assessment will be added to the delivery plan and submitted to A&G January 2026 |

| | | | | | | |
|----|---|---|--|--------------|---|--|
| | | | considered with any audit planning. | | Fraud & Compliance /Director of Finance | |
| 18 | <p>SWAP Audit Baseline Report Sept 2022 – Theme 6: Reporting, investigating and monitoring (Outstanding Item)</p> <p>Grant Thornton Auditors Annual Report for 22/23 (Outstanding recommendation)</p> | <p>The organisation provides an anonymous way to report suspected violations of the ethics and anti-fraud programs.</p> <p>Policy due to be reviewed and approved by January 2025 (as per line 1) in line with Grant Thornton 22/23 auditors report (improvement recommendation 4 p54) to provide greater detail on the process and the safeguards for whistleblowers and publish the policy for all officers and members as well as providing a downloadable PDF of the policy on its website.</p> | <p><u>In Place</u></p> <p>Anti-fraud, theft and corruption policy and whistleblowing policy includes section and procedure on how a staff member can report a suspected fraud.</p> <p>Anonymous Fraud Hotline and Fraud email published on the council website.</p> <p><u>Action</u></p> <p>Whistleblowing policy to be reviewed to take account of Grant Thornton auditors report 2022/23 recommendation and approved by A&G.</p> | January 2025 | Director of Governance | <p>The Whistleblowing Policy was reviewed in early 2025 to ensure that the appropriate officers to be contacted in the event of an allegation were correctly identified and that their contact details were up to date.</p> <p>A wider review of the Policy is now required and forms part of the work being undertaken by the Constitution Working Group.</p> <p>A revised Policy is currently in progress and is scheduled to be considered by the Constitution Working Group on 18 February 2025. Subject to approval, it will then be submitted to the Audit and Governance Committee on 19 March 2026, followed by Full Council on 15 April 2026.</p> <p>Date of amendment: April 2026</p> |

| | | | | | |
|--|--|--|---------------------------------------|---|---|
| | | <p>Anti-fraud, theft, and corruption policy to be reviewed in line with the above policy and along with any other legislative or administrative changes and approved by A&G</p> <p>Report on how many concerns raised by whistleblowers have been made and the outcomes submitted to A&G on an annual basis.</p> | <p>September 2025</p> <p>Annually</p> | <p>Director of Governance</p> <p>Director of Governance</p> | <p>This is to be reviewed after the Whistleblowing consultation. Date of Amendment: June 2026</p> <p>To be provided once new policy is approved. Date amendment: April 2026</p> |
|--|--|--|---------------------------------------|---|---|

Prevent

| | | | | | | |
|----|---|---|---|--|--|--|
| 19 | <p>FFCL Checklist (20) (partially complete)</p> <p>FFCL Checklist (31) (partially complete)</p> | <p>Statistics are kept and reported by the fraud team which cover all areas of activity and outcomes.</p> <p>Prevention measures and projects are undertaken using data analytics where possible.</p> | <p><u>In Place</u> Cases and work are recorded for monitoring regarding volumes, financial outcomes and where available on demographics.</p> <p><u>Action</u> To report the findings of the recorded information:</p> <ul style="list-style-type: none"> • the Fraud Forum quarterly, • ELT 6 monthly • A&G annually | <p>November 2024</p> <p>November 2024</p> <p>June 2025</p> | <p>Revenues Fraud and Compliance manager /Assistant Director Revenues, Benefits,</p> | <p>Completed - Fraud forums being held quarterly, ELT being updated, and A&G report complete</p> |
|----|---|---|---|--|--|--|

| | | | | | | |
|----|--|--|--|------------|---|---|
| | | | | | Customer Service, Fraud & Compliance | |
| 20 | FFCL Checklist (11) (partially complete) SWAP Audit Baseline Report Sept 2022 – Theme 1: Resource & Communications | The local authority has put in place arrangements to prevent and detect fraud and corruption and a mechanism for ensuring that this is effective and is reported to committee. | <u>In Place</u> As above (Govern, item 4), there are several policies, strategies and codes in place for preventing and detecting fraud. <u>Action</u> To demonstrate that we are delivering against the delivery plan and following up on any audit recommendations that expose risk to fraud and error. | Annually | Assistant Director Revenues, Benefits, Customer Service, Fraud & Compliance | Ongoing - A&G report produced, additions to it to be taken to A&G in January 2026 (FRA) Actions made by SWAP as part of internal audits and investigations are monitored and tracked through the A&G committee |
| 21 | FFCL Checklist (9) (Partially complete) SWAP Audit Baseline Report Sept 2022 – Theme 3: Policy Related (outstanding item) | Counter fraud staff are consulted to fraud proof new policies, strategies, and initiatives across departments, and this is reported upon to committee. | <u>In Place</u> SWAP has been involved in the review of key documents during the previous few years. <u>Action</u> Present briefing to SLT on the delivery plan and the Fraud risks that might be applicable to their | March 2025 | Assistant Director Revenues, Benefits, | ELT were provided with a briefing prior to the report being submitted to A&G and also shared at the January Assistant Director meeting. |

| | | | | | | |
|----|---|---|--|--------------|---|---|
| | | | area when they are developing new policies, strategies, and initiatives. | | Customer Service, Fraud & Compliance /Director of Finance | |
| 22 | Fraud Strategy – Housing Right to Buy (RTB) Offers of Accommodation | Continue to provide a verification service of all RTB applications to identify fraud | <p>In Place</p> <p>Reviewing all new cases received from RTB & referrals in relation to offers of accommodation.</p> <p>Action</p> <p>To carry out regular reviews to ensure our verification process aligns with best practice.</p> | January 2025 | Assistant Director Revenues, Benefits, Customer Service, Fraud & Compliance | <p>Complete - RTB applications are reviewed by Fraud team as per procedure and new EDDC specific form.</p> <p>SWAP are working with the team to review processes to ensure best practice is in place.</p> |
| 23 | FFCL Checklist (19) (To complete) SWAP Audit Baseline Report Sept 2022 – Theme 1: | There is an annual fraud plan which is agreed by committee and reflects resources mapped to risks and arrangements for reporting outcomes. This plan covers all areas of the local authority's business and includes activities undertaken by | <p>In Place</p> <p>Fraud is considered in finance service plan.</p> <p>An annual audit plan is in place that includes provision around fraud.</p> | | | |

| | | | | | | |
|--|--|---|--|-----------------|--|---|
| | <p>Resource and Communication (Outstanding Item)</p> <p>FFCL Checklist (28) (Partially Complete)</p> | <p>contractors and third parties or voluntary sector activities.</p> <p>There is a programme of proactive counter fraud work which covers risks identified in assessment.</p> | <p>Compliance initiatives within Revenues and Benefits</p> <p>Delivery plan has been developed for approval by A&G.</p> <p><u>Action</u> The delivery plan will be updated each year to cover any specific tasks and projects aligned to the Fraud risk assessment and this will be done in conjunction with SWAP.</p> | <p>Annually</p> | <p>Fraud Team/ Assistant Director Revenues, Benefits, Customer Service, Fraud & Compliance</p> | <p>Ongoing - Update on Delivery Plan complete, additions to it to be taken to A&G in January 2026</p> |
|--|--|---|--|-----------------|--|---|

page 11/2

Pursue

| | | | | | | |
|----|--|--|---|---------------------|--|---|
| 24 | <p>FFCL Checklist (17) (Partially complete)</p> <p>SWAP Audit Baseline Report Sept 2022 – Theme 3: Policy Related (Outstanding recommendation)</p> | <p>Contractors and third parties sign up to the whistleblowing policy and there is evidence of this. There should be no discrimination against whistleblowers.</p> | <p><u>In Place</u> It is Included within the whistleblowing policy that new contracts should include the condition for contractors to sign up to the whistleblowing policy.</p> <p><u>Action</u> Written into all new standard contracts from January 2025 that all external contractors working on East Devon District Council (EDDC) behalf agree to our Whistleblowing policy. This will also be available on the web pages.</p> | <p>January 2025</p> | <p>Director of Finance/ Director of Governance</p> | <p>Procurement guidelines are currently being checked and reviewed.</p> |
|----|--|--|---|---------------------|--|---|

| | | | | | | |
|----|---|--|---|--------------|---|---|
| | | | Agency and consultancy staff must complete the whistleblowing training as part of their mandatory induction process from 2025. | January 2025 | Director of Governance | Complete - All temporary staff have to read the whistleblowing policy as part of their welcome information. |
| 25 | Fraud Strategy - Allegation investigation | Manage allegations and referrals into the Fraud team in line with policies and procedures. | <u>In Place</u> Pre-investigation plan in place that includes the Initial Allegation Assessment form for sending allegations to the Fraud Forum including recommendation for next action. <u>Action</u> Continue to review cases in line with the updated procedure and referred to Fraud Forum. | Continuous | Assistant Director Revenues, Benefits, Customer Service, Fraud & Compliance /Director of Governance /Director of Finance | Ongoing - Fraud Forum meetings currently on a quarterly basis, the last being November 2025 Fraud forum getting statistics on cases and workload |

Protect

| | | | | | | |
|----|---|---|---|--|--|--|
| 27 | Fraud Strategy – Protecting against the public sector fraud (para 4.3 &4.4) | Continue with schedule of work to ensure compliance with Business Rates, Council Tax and Benefits along with any government | <u>In Place</u> Periodic reviews are regularly carried out and the outcomes of these are being captured and reported on. | | | |
|----|---|---|---|--|--|--|

| | | | | | | |
|----|---|---|---|---|--|---|
| | | <p>initiatives to protect the public purse and council income.</p> <p>Protect against the loss of income through other areas the council is exposed to fraud as highlighted in the strategy (tenancy, procurement, grants, etc)</p> | <p><u>Action</u></p> <p>Continue with programme of reviews into reliefs, discounts, and reductions taking advantage of best practice and new technologies.</p> <p>Develop a programme for undertaking reviews in other areas of risk to take account of the updated Fraud Risk assessments.</p> | <p>Continuous</p> <p>August 2025 (subject to completion of updated FRA)</p> | <p>Assistant Director Revenues, Benefits, Customer Service, Fraud & Compliance</p> <p>Assistant Director Revenues, Benefits, Customer Service, Fraud & Compliance /Director of Governance /Director of Finance</p> | <p>Ongoing - SPD finalised, SBRR ongoing, 2nd homes ongoing, Site reviews ongoing</p> <p>Ongoing – Stage 1 of the FRA complete and actions being agreed – these actions will include reviews in risk areas identified.</p> |
| 28 | Fraud Strategy - NFI Bi-annual Exercise | To supply Datasets for the NFI national Exercise 2024/25 under mandatory powers pursuant to the NFI's powers under part 6 of the Local Audit and Accountability Act 2014 schedule 9 paragraph 2 | <p><u>In Place</u></p> <p>NFI national exercise for 22/23 completed.</p> <p>24/25 datasets uploaded to the NFI portal.</p> <p><u>Action</u></p> | | | |

| | | | | | | |
|----|------------|---------------------------|--|---------------|---|--|
| | | | Process matches from the 24/25 statutory data matches from the Cabinet Office, which will be actively investigated where appropriate and report on outcomes | June 2025 | Assistant Director Revenues, Benefits, Customer Service, Fraud & Compliance | Ongoing – Matches being completed – an update is provided in Appendix 2 to this report (2025-26 action to date) |
| 29 | Audit Plan | Procurement Process Audit | <p><u>In place</u> Payment card audit being conducted.</p> <p><u>Action</u> Conduct an audit and detailed review and assessment of the Council's exposure to procurement fraud risks around payment cards, and implementation of mitigation controls in line with the Council's risk appetite.</p> | December 2024 | SWAP | <p>Complete - This action was completed in December 2024, EDDC scored a medium risk</p> <p>There were 10 actions required, 7 are complete and 3 are in progress – Completions due (confirmation by Mark Worth)</p> |

| | | Impact | | | | |
|---|--|---|---------------|--|--|--|
| | | | | | | |
| | | | | | | |
| 4 | | Major Major financial loss Breach of legislation/ regulations International/national media attention Long-term loss of service (>3 days) | 6bb | 3fa 3fb 2fa 3hb 6ba 6ca 6cb 6cc | | |
| | | Serious Serious financial loss Breach of policy Local or regional media attention Medium-term loss of service (2-3 days) | 1ba 6db | 1ca 3dd 4cg 1cc 3de 4ch 2ab 3df 4cj 2bb 3dg 6aa 2cb 3ea 6ab 3ba 3ga 6ad 3ca 3gb 6ae 3da 3gd 6af 3db 4ce 6ag 3dc 4cf | 2aa 2ba 2ca 3gc 4ba 4ca 4cb 4cd | |
| | | Significant Significant financial loss Breach of guidance Corporate attention Short-term loss of service (1-2 days) | 6cd 6dc | 1aa 4ad 1ab 4ae 1ac 4bb 1ad 4cc 1cb 6ac 1cd 6ah 1da 6da 2da 2db 3aa | 4aa 4ab 4ac | |
| | | Minor Minor financial loss No breach of guidance, policy, regulation Service attention Loss of service (< 1 day) | | | 4ci | |
| | | Likelihood > | Low Remote | Medium Unlikely | High Likely | |
| | | | 1 | 2 | 3 | |
| | | | | | 4 | |

| <u>Key</u> | |
|--|--|
| The numbers and letters at the start of the references relate to the service areas as below: | |
| 1: HR & Payroll | 1a – Recruitment and selection |
| | 1b – Pension fund |
| | 1c – Payroll |
| | 1d - Expenses |
| 2: Tax, Rates & Benefits | 2a – Council Tax |
| | 2b – Business Rates |
| | 2c - Housing Benefit |
| | 2d – Anti Poverty Discretionary grant |
| 3: Finance, Procurement & Contracts | 3a – Income use of case |
| | 3b – Income non-cash |
| | 3c - Creditors – Payments, use of cheques, bacs, procurement cards |
| | 3d – Contracts / Procurement |
| | 3e – Insurance |
| | 3f – Mandate |
| | 3g – Assets / Stock |
| | 3h – Treasury – loans / investments |
| 4: Allowances, Funding & Housing | 4a - Grant (against or by Council) - Voluntary, community and social |
| | 4b – Homelessness |
| | 4c - Housing and tenancy - including right to buy, homelessness, sheltered schemes |
| 5: Cyber | Area out of scope so not included |
| 6: Other | 6a – Planning and Building Control |
| | 6b – Licensing |
| | 6c – Elections |
| | 6d – Homes for Ukraine |

Report to: Audit and Governance Committee



Date of Meeting 29 January 2026

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

Information Governance Board Annual Report

Report summary:

To provide an update on the work of the Information Governance Board.

Is the proposed decision in accordance with:

Budget Yes No

Policy Framework Yes No

Recommendation:

That the Committee note the annual report.

Reason for recommendation:

The Information Governance Board was set up by the Audit and Governance Committee to have oversight of information governance across the Council. It is important that the Committee receive a yearly update on the work of the Committee.

Officer: Melanie Wellman, Director of Governance melanie.wellman@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: Low Risk; This is an annual update report only so there are limited risks arising.

Links to background information

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

Report in full

1. The Information Governance Board was set up by the Audit and Governance Committee in 2024 to fulfil the following functions:-

- Developing an Information Governance strategy and monitoring its effective delivery
- Identifying and managing information risks
- Maintaining an Information Asset Register and Record of Processing Activity and supporting associated data asset owners
- Oversight of information sharing arrangements
- Receiving reports of information data breaches and security incidents and identifying and implementing areas for improvement
- Receiving and monitoring the Council's performance in responding to Freedom of Information, Environmental Information Regulation and subject access requests
- Monitoring the Council's Transparency Code compliance
- Monitoring trends in relation to requests for information
- Producing an annual report to the Executive Leadership Team and the Audit and Governance Committee on the work of the Board.

2. The members of the Board are:

- Senior Information Risk Owner ,
- Information Governance Manager and Data Protection Officer,
- Portfolio Holder for Data Protection,
- Chair of Audit and Governance Committee
- Lead for Corporate HR,
- Representative of Strata,
- Lead for Corporate Communications and IT

3. Since July 2024 the Committee have met on five occasions as follows:-

| Date of meeting | Work carried out |
|------------------------|--|
| 25 July 2024 | <p>The Board considered the following:-</p> <ol style="list-style-type: none">1. Terms of Reference for the Information Governance Board2. Updated Data Protection Policy3. Confidential update on DWP Memorandum of Understanding4. Update on corporate data retention and data classification5. Reviewed outcome of internal audit of Information Governance Policies and Compliance with Retention Policy |

| | |
|-----------------|--|
| | <ol style="list-style-type: none"> 6. Updated on security incidents 7. Updated on Freedom of Information, Subject Access requests and Data breaches 8. Approved the Forward Plan for the Board |
| 22 January 2025 | <p>The Board considered the following:-</p> <ol style="list-style-type: none"> 1. Plans for a new Information Governance Strategy and the implications of Local Government Reorganisation 2. Updated on work on the Information Asset Register 3. Updated on the Council's Information Sharing Agreements 4. Data breaches and security breaches update 5. Update on subject access requests 6. An update on Transparency Code compliance and an audit that was due to take place 7. An update on a confidential Information Governance related audit that had taken place 8. An update on progress in relation to the Boards Froward Plan |
| 8 April 2025 | <p>The Board considered the following:-</p> <ol style="list-style-type: none"> 1. An update on Freedom of Information requests and subject access requests and were introduced to the newly appointed Interim Information Governance Manager 2. Reviewed and requested changes to:- <ol style="list-style-type: none"> a) Freedom of Information Policy 2025 – 2030 b) Information Governance and Risk Policy 2025-2030 c) Records Management Policy 2025 – 2030 d) Subject access policy and procedure 2025-2030. 3. Updated on Cyber Assessment Framework 4. Updated on Security Incidents 5. Agreed the Forward Plan for meetings |
| 8 August 2025 | <p>The Board considered the following:-</p> <ol style="list-style-type: none"> 1. Updated Information Governance Policies and requested changes to: <ul style="list-style-type: none"> • Data Protection Policy • Data Protection Impact Assessment Policy |

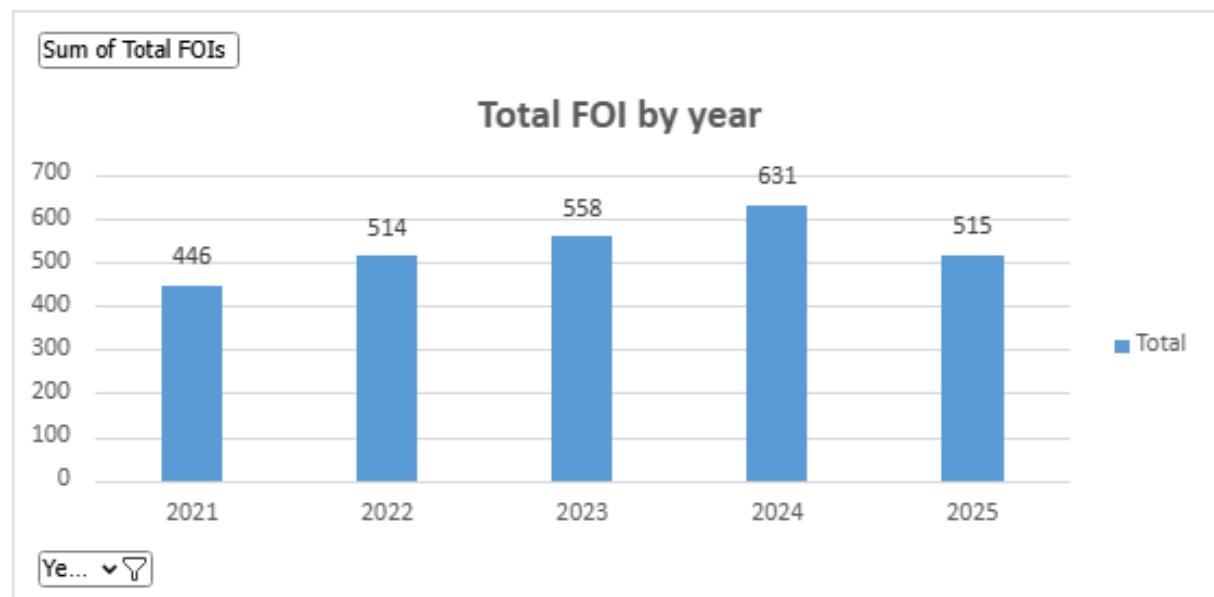
| | |
|-----------------|--|
| | <ul style="list-style-type: none"> • Subject Access Request Policy 2. Confidential update on the Cyber Assessment Framework and compliance with that Framework. 3. South West Audit Partnership final report on the Local Government Transparency Code compliance. 4. Progress on implementation of actions coming out of a confidential information governance related audit. 5. The Forward Plan and proposed the inclusion of a review of the Council's AI policy. |
| 6 November 2025 | <p>The Board considered:-</p> <ol style="list-style-type: none"> 1. Annual Report of the Information Governance Board 2. Update on security incidents 3. Update on Freedom of Information, subject access requests and data breaches 4. Forward Plan |

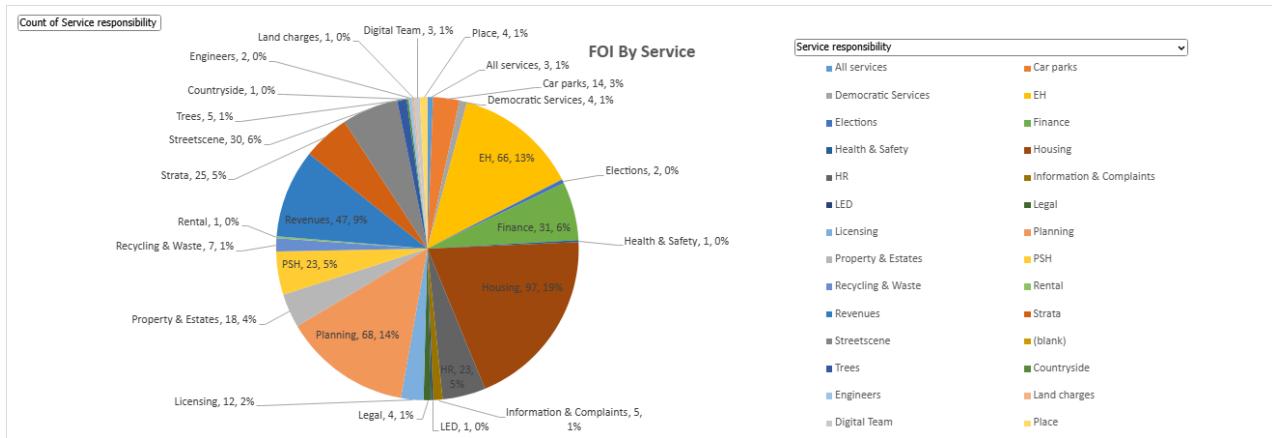
4. Key statistics

The Committee has considered key statistics as follows:-

(a) Freedom of Information Requests

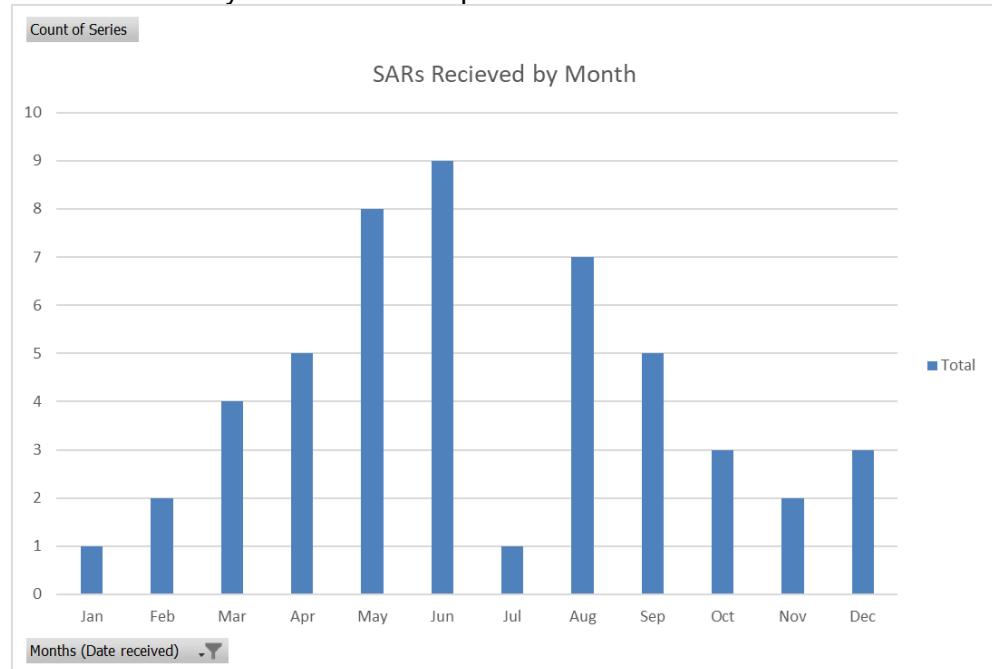
The number of Freedom of Information Requests have been increasing year on year and this is placing additional pressures on the team. The figure for 2025 is not yet complete. We are still logging the requests for January, February and March 2026. The current trajectory suggests that the number in total for 2025/26 will exceed the previous year's figure of 631. The following diagrams show the total numbers each year since 2021 and the breakdown per service.

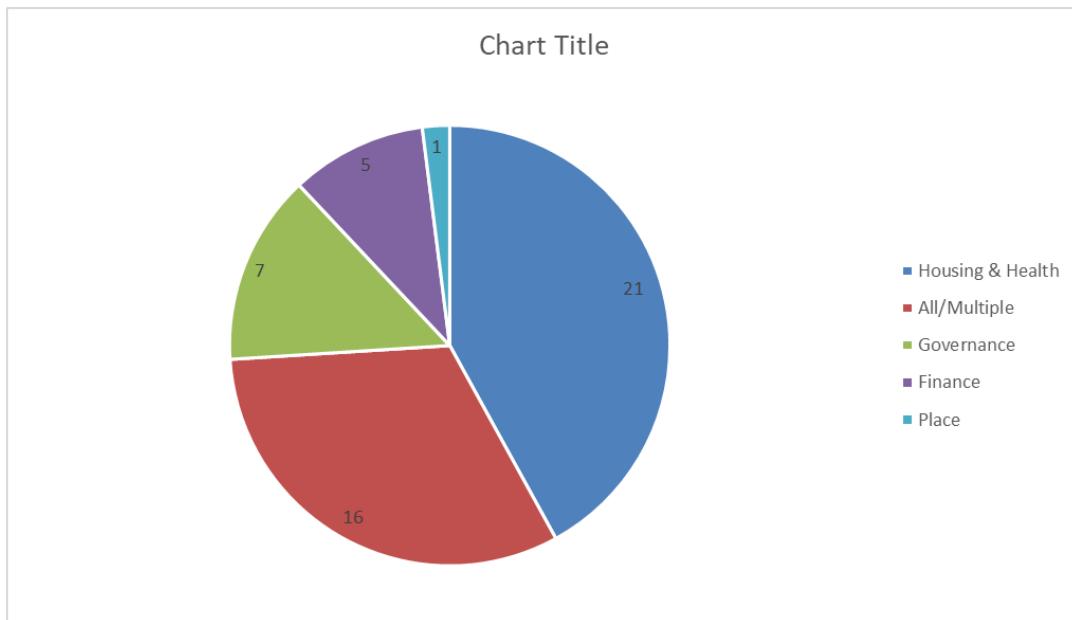




(b) Subject Access Requests

Subject Access Requests (SARS) are now a well known route for individuals to try to obtain information which they believe is held by public authorities. It is unsurprising that the highest number of requests relate to housing and health, given that this service supports a large volume of individuals. The following charts show the number of subject access requests received through 2025 followed by the breakdown per service.





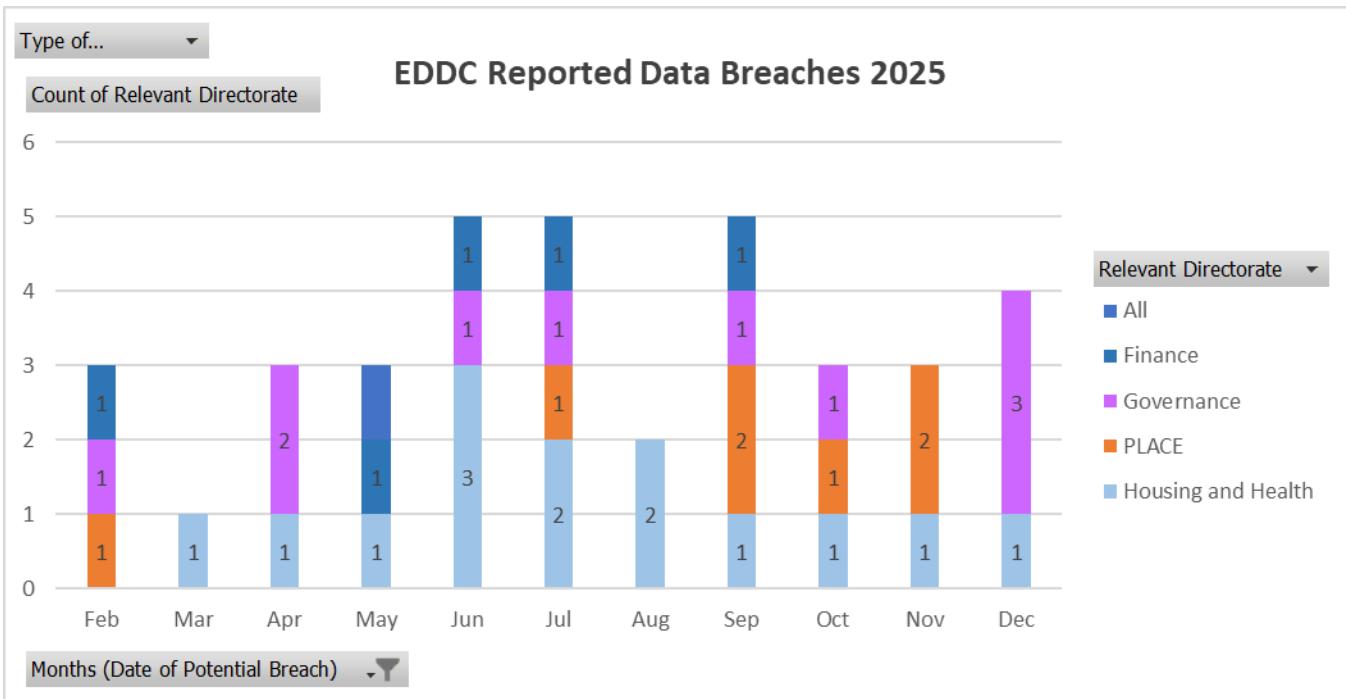
(c) Data Breaches

The majority of data breach incidents reported are low level, most often linked to human error whereby an email is sent to the wrong addressee or information is placed on the website (e.g. the public planning portal) where personal data has been overlooked in the redacting process. Officers are quick to reporting breaches and all are considered by the Information Governance Manager and Senior Information Risk Owner within 72 hours to determine whether they require reporting to the Information Commissioner. None of the breaches since the Board has been set up have been deemed to be reportable. In all cases lessons are learnt from breaches and any appropriate recommendations made e.g. further training/changes in processes etc.

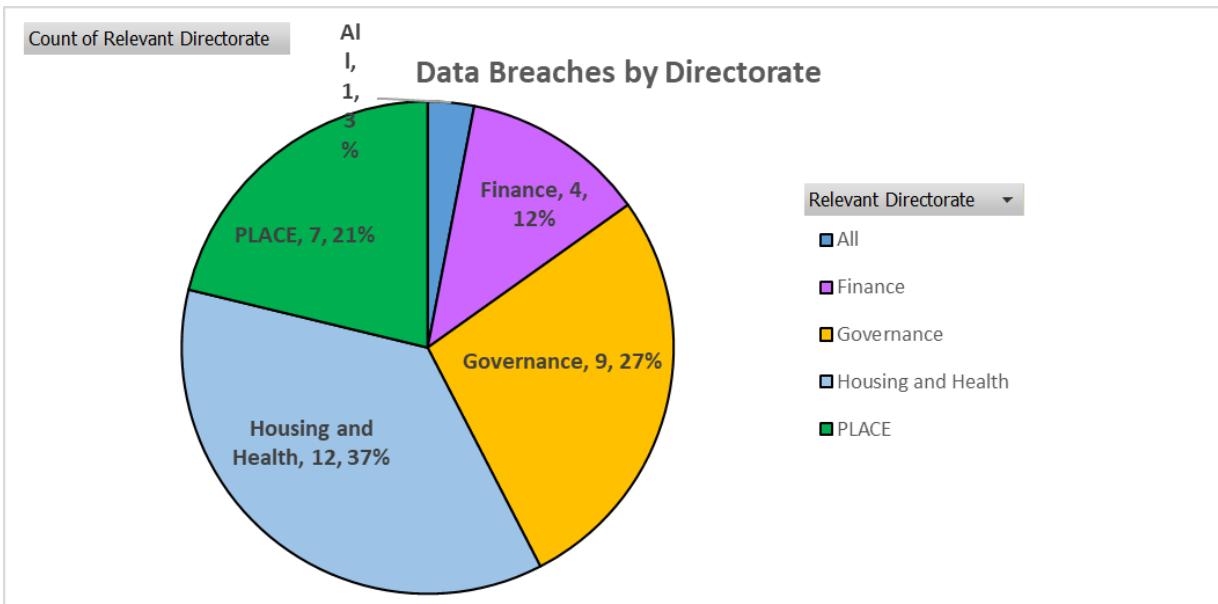
It is difficult to compare breach figures with other public authorities as details of non reportable breaches are not generally publicised.

There is a planned increase in data protection awareness training for council officers in 2025 with the appointment of a new Information Governance Manager.

The following tables show the number of data breaches per service, followed by the data breaches by directorate.



Note: There were no reported breaches in January 2025



5. Committee Forward Plan for 2026.

5.1 In 2026 the Committee will be considering the following:-

- Data breaches and cyber security updates
- Dashboard updates in relation to FOI, SARS and data breaches
- Development of an Information Governance Strategy
- Information Asset Register Update
- Record of Processing Activity update
- Information Sharing Agreements
- Review of updated Information Governance policies including the Artificial Intelligence Policy
- Monitor Transparency Code Compliance
- Review Information Governance Audit reports
- Consider Information Risk Reviews

Financial implications:

The are no financial implications arising from this report

Legal implications:

There are no substantive legal issues arising from this Annual report.

Audit and Governance Committee**29 January 2026****Audit and Governance Committee****Forward Plan 2025/26**

| Date of Committee | Report | Lead Officer |
|-------------------|---|---|
| 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 • Risk Policy update • Financial Monitoring report update 2025/26 and Treasury Position Review • Accounting Policies Approval • Financial Monitoring report update 2025/26 • External Audit Accounts 2024/25 verbal update | SWAP Grant Thornton Director of Finance Finance Manager Finance Manager/GT Director of Finance |