

## AGENDA – AUDIT COMMITTEE – 15<sup>th</sup> APRIL 2014

### PART ONE – OPEN COMMITTEE

**1. Apologies for absence**

**2. Declaration of Interest**

Members are invited to declare any personal or disclosable pecuniary interests, including the nature and extent of such interests they may have in any items to be considered at this meeting.

If Councillors have any questions relating to predetermination, bias or interests in items on this Agenda, then please contact the Monitoring Officer in advance of the meeting.

**3. Items Requiring Urgent Attention**

To consider those items which, in the opinion of the Chairman, should be considered by the Meeting as matters of urgency (if any).

**4. Governance Review of the Local Government Pension Scheme**

Officers from Devon County Council will give a short presentation after which Members may wish to ask questions.

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### MINUTES

**5. Confirmation of Minutes**

Meeting held on 11<sup>th</sup> February 2014 (previously circulated)

### OPERATIONAL

**6. Response to Grant Thornton Publication – Audit Committee Update for West Devon Borough Council; and update on the Future of Local Audit**

Report of the Head of Finance and S151 Officer 7

**7. Constitution Review**

Joint Report of the Monitoring Officer and the Democratic Services Manager 20

**8. Internal Audit: Charter & Strategy – 2014/2015**

Report of the Chief Internal Auditor 24

**9. Internal Audit: Plan for 2014/2015**

Report of the Chief Internal Auditor 47

**10. Checklist from the Audit Commission Document: Protecting the Public Purse 2013 (Fighting Fraud against Local Government)**

Report of the Chief Internal Auditor 58

**11. Internal Audit – Progress against the 2013/2014 Plan**

Report of Chief Internal Auditor 75

<b>12. External Audit Plan 2013/2014</b>	
Report of Grant Thornton	93
<b>13. Committee Update Progress Report</b>	
Report of Grant Thornton	110

**PART TWO – ITEMS WHICH MAY BE TAKEN IN THE ABSENCE OF THE PUBLIC AND PRESS ON THE GROUNDS THAT EXEMPT INFORMATION MAY BE DISCLOSED.**

The Committee is recommended to pass the following resolution:

**“RESOLVED** that under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the Meeting on the grounds that exempt information may be disclosed as defined in the paragraph given below in bold type from Part I of Schedule 12(A) to the Act.”

<b>14. Strategic Risk Assessment – 6 Monthly Update</b>	
Report of the Head of Finance	129

**PLEASE NOTE:**

**All the appendices presented with this report are exempt under Paragraph 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information.**

This document can be made available in large print, Braille, tape format, other languages or alternative format upon request. Please contact the Committee section on 01822 813662 or email [arose@westdevon.gov.uk](mailto:arose@westdevon.gov.uk)

## **STRATEGIC RISK ASSESSMENT**

### **Reports to Members**

Members will be aware of the requirement to take account of strategic risk in decision making. This note is designed to support Members consider strategic risks as part of the assessment of reports from officers.

There are an increasing number of issues that we have a statutory requirement to take into account which affect all aspects of the Council's policies and service delivery (e.g. Human Rights Act). There are also discretionary issues we choose to highlight in our reports (e.g. Financial Implications, and Impact on Council Priorities and Targets). Common Law duty requires Local Authorities to take into account all things they need to take into account! The Courts hearing Judicial Review applications make this their starting point in deciding whether any decision is reasonable.

Officers have a responsibility to assess the implications of recommendations to Members. Members should ensure that before making a decision they have undertaken a similar consideration relating to the risks associated with the report.

Examples of risk to be considered:-

#### **Statutory Requirement :**

- Equalities and Discrimination, particularly Race Equality. (Consider the impact on each of the following equality areas: Race, Religion and Belief, Gender, Sexual Orientation, Disability, Age)
- Human Rights
- Crime and Disorder
- Health and Safety
- Employment Legislation
- Data Protection
- Freedom of Information
- Corporate activity with an impact on Areas of Outstanding Natural Beauty, National Parks, Sites of Special Scientific Interest, and biodiversity

#### **Corporate Requirement :**

- Impact on Council's Reputation
- Impact on Priorities, Cross-Cutting themes, Targets and / or Commitments
- Impact on Standing Orders / Financial Regulations
- Impact on Council's Assets
- Financial Risks
- Compliance with National Policies and Guidance
- Impact on Sustainability

Members' attention is drawn to the Risk Assessment section within each report. Members are encouraged to consider whether the report has satisfactorily identified all likely negative impacts and mitigating action that will be taken. Members also need to consider the opportunities presented by actions, noting that any change entails an element of risk. The challenge is to effectively manage that risk.

## RISK SCORING MATRIX

Impact/Severity		Target impact	Stakeholder impact	Finance impact
1	Insignificant	Low impact on outcome & target achievement & service delivery	Low stakeholder concern	Low financial risk
2	Minor	Minor impact on outcome & target achievement & service delivery	Minor stakeholder concern	Minor financial risk
3	Moderate	Moderate outcome & target achievement & service delivery	Moderate stakeholder concern	Moderate financial risk
4	Serious	High impact on outcome & target achievement & service delivery	High stakeholder concern	High financial risk
5	Very serious	Very high impact on outcome & target achievement & service delivery	Very high stakeholder concern	Very high financial risk
Likelihood/Probability		Risk	Opportunity	
1	Very low	Negligible chance of occurrence; has not occurred	Possible opportunity yet to be investigated with low likelihood of success	
2	Low	Low chance of occurrence; has occurred infrequently but within internal control	Opportunity being investigated with low likelihood of success	
3	Medium	Equal chance of occurrence or non occurrence; could occur more than once and be difficult to control due to external influences	Opportunity may be achievable with careful management	
4	High	More likely to occur than not occur; has occurred more than once and difficult to control due to external influences	Good opportunity which may be realised	
5	Very high	Very high chance of occurrence but not a certainty; has occurred recently	Clear reliable opportunity with reasonable certainty of achievement	

**Risk score = Impact/Severity x Likelihood/Probability**

<b>Likelihood</b>	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
	0	1	2	3	4	5
<b>Impact</b>						