

**South Hams District Council  
Annual Governance Statement  
2017 – 2018**

**1. Scope of Responsibility**

South Hams District Council is responsible for ensuring that:

- its business is conducted in accordance with legal requirements and proper standards
- public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.

The Council has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, South Hams District Council is also responsible for ensuring that there is a sound system of governance (incorporating the system of internal control) and maintaining proper arrangements for the governance of its affairs, which facilitate the effective exercise of its functions, including arrangements for the management of risk. A Statutory Officers' Panel was set up in 2015 and a key role of this Panel is strategic risk management.

South Hams District Council and West Devon Borough Council have been shared services partners since 2007. As two of the very first Councils to share a Chief Executive in 2007, the Councils have been bold in challenging the traditional local government model and have always been at the forefront of radical change and innovation.

In early 2015 a completely new leadership team was appointed to lead the organisation through the transformation programme, become more customer-focused, save money, and explore ways of generating income for the Council. The Councils have been led by a small leadership team consisting of two Executive Directors (one of whom held the statutory position of Head of Paid Service) and four Group Managers. From February 2018 onwards, interim senior leadership arrangements have been put into place consisting of one Executive Director (Head of Paid Service) and four Group Managers.

The role of the Senior Leadership Team (SLT) is to implement the plans and policies to support the strategic direction of the Council as set by Members. SLT are supported by an Extended Leadership Team (ELT). The ELT includes the principal people managers and professional lead officers in areas such as Housing, Planning, Environmental Health, Asset Management, Environment Services and Waste Operations and Support Services such as Finance, Legal, and Human Resources.

The Council's Group Manager (Strategic Finance Lead) is the officer with statutory responsibility for the administration of the Council's financial affairs as set out in section 151 of the Local Government Act 1972.

The S.151 Officer, who acts as the Chief Financial Officer (CFO), has responsibility for the administration of the financial affairs of the Council; will contribute to the corporate management of the Council, in particular through the provision of professional financial advice; will provide advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity, and budget and policy framework issues to all Members and will support and advise Members and officers in their respective roles; and, will provide financial information to the media, Members of the public and the community. (Constitution Article 10)

The CFO leads the promotion of good financial management including through the provision and publication of Financial and Contract Procedure Rules. The Council's S.151 Officer is a qualified accountant.

A review of the Council's arrangements against the CIPFA guidance on the Role of the Chief Finance Officer in Local Government has concluded that the recommended criteria have been met in all areas.

## **2. The Purpose of the Governance Framework**

The governance framework comprises the cultural values, systems and processes used by the Council to direct and control its activities, enabling it to engage, lead and account to the community. The framework allows the Council to monitor the achievement of its strategic objectives and to consider whether appropriate, cost-effective services have been delivered.

A significant part of the framework is the Council's system of internal control which is designed to manage risk to a reasonable level. It cannot eliminate all risks of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework was in place at South Hams District Council for the year ended 31 March 2018 and is expected to continue up to the date of approval of the Accounts by the Audit Committee.

This Statement explains how South Hams District Council has met the principles of the Chartered Institute of Public Finance & Accountancy (CIPFA) and Society of Local Authority Chief Executive's (SOLACE) Framework Delivering Good Governance in Local Government Guidance Notes for English Authorities 2016.

Included within this framework are seven core principles of governance:

**PRINCIPLE A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

All Council decisions incorporate a legal implications section which are published on the Council's website. Officers and Members receive support from Legal Services in considering legal implications and if specialist legal advice is required then the Council will engage external advisors. The Section 151 and Monitoring Officers have specific responsibility for ensuring legality, for investigating any suspected instances of failure to comply with legal and financial requirements, and for reporting any such instances to Members.

In addition the Council undertakes the following to ensure a strong commitment to ethical values and behaving with integrity:

- Staff are assessed against a set of key behaviours (known as 'IMPACT') to establish the right values and culture
- The Council's whistle-blowing policy, known as the Confidential Reporting Policy, is available to all staff on the Council's Intranet (including Frequently Asked Questions) and is also publicised internally on an occasional basis to maintain its profile. It was last reviewed and adopted by Members in July 2016 and was reviewed by the Statutory Officers' Panel in July 2017.
- The Council's Constitution also defines the roles of Members and officers. Part 5 of the Constitution includes a Protocol on Councillor / Officer Relations. The Protocol is a guide to Members and Officers in their dealings with each other, and applies equally to co-opted Members of Council bodies in their dealings with officers where appropriate.
- There are codes of conduct in place for Members and Officers which include arrangements for registering interests and managing conflicts of interest. The Officers Code of Conduct has been reviewed and agreed with the Unions in 2017-18. The Members Code of Conduct is due for review in 2018-19.
- The Overview and Scrutiny Panel is responsible for overseeing the Members' Code of Conduct and good governance by Members, and its terms of reference are set out in the Constitution
- There is an effective Audit Committee in place with clear terms of reference.

## **PRINCIPLE B - Ensuring openness and comprehensive stakeholder engagement**

All Committee and Council meetings are open to the public, with papers available in advance on the Council's website (save where 'exempt' under the Local Government Act 1972 following formal evaluation of the public interest).

The Council also undertakes the following to ensure openness and comprehensive engagement:

- Publishes consultations and surveys on the Council website and uses a consultation checklist based on the Gunning Principles to structure consultations to ensure good communication guidelines are adhered to.
- Utilises social media on a daily basis including Twitter, Instagram, Facebook, LinkedIn and YouTube to provide instant information on Council services thus allowing for a free flow of comments from stakeholders.
- Uses dedicated Locality Engagement Officers to attend local events to canvas the opinions of stakeholders to help shape the delivery of Council services.
- Produces specific e-bulletins for various interest groups including Business, Housing, Neighbourhood Planning, etc.
- Publishes an Annual Report available on the Council website which openly demonstrates how Council resources are used.

## **PRINCIPLES C AND D - Defining, optimising and achieving outcomes**

The Council has a number of strategic documents and plans that guide its approach to achieving its vision and ensuring that it remains financially sustainable. The Council's adopted Priorities are confirmed in Article 6 of the Constitution and again are published on the Council's website.

The Council's policies, aims and objectives are well established and monitored at various levels for example forward plans, annual service planning process and personal development reviews.

In March 2016 the Overview and Scrutiny Panel and the Executive considered the 'Our Plan: South Hams' which is a single strategic document that sets out the vision, objectives and activities of the Council. The plan was in place for 2017/18.

<http://mg.swdevon.gov.uk/ieListDocuments.aspx?CId=134&MId=48&Ver=4>

It brings together all strategies and plans and sets out a comprehensive story of what the Council wants to achieve through two blended and inter-related elements;

- The corporate plan establishing the Council’s vision, objectives, priorities, actions and delivery approaches and
- The Local Plan establishing land use planning policies and allocations – the Council’s work on the Joint Local Plan between Plymouth City, South Hams and West Devon is described further below.

The Council’s Our Plan Themes and Objectives are:

- *Economy – Creating places for enterprise to thrive and business to grow*
- *Homes – Enabling homes that meet the needs of all*
- *Infrastructure – Securing the services and facilities that meet the needs of our communities*
- *Communities – Empowering residents to create strong communities*
- *Wellbeing – Supporting positive safe and healthy lifestyles*
- *Environment – Protecting, conserving and enhancing our built and natural environment*
- *Heritage – Celebrating our past and protecting our heritage for the future*
- *Resources – Promoting energy efficiency and more effective use of our natural resources*

On 26<sup>th</sup> April 2018, the Executive considered new, refreshed and more focussed 5 year Corporate Strategy Themes which reflected the views of the Members who participated in two all Member workshops and a survey.

On this date, the Executive also considered the Annual Report for 2017/18 which set out the Council’s achievements for 2017/18, by each of the new Themes within the refreshed Corporate Strategy. These reports were approved by Council in May 2018 and are available on the Council’s website.

In tandem, work has progressed to develop a Joint Local Plan between Plymouth City, South Hams and West Devon. The Joint Local Plan (JLP) sets out a strategy and detailed policies that establish a framework to steer housing and employment development to the most sustainable locations and to guide decisions on planning applications. The JLP has just gone through its public examination and at this stage we are confident that the plan will be supported by the Planning Inspectors and is on track to be adopted later this financial year.

The Council also undertakes the following to ensure it defines, optimises and achieves outcomes:

- Staff briefings led by Senior Leadership Team articulate the vision and new ways of working

- Regular consultation is undertaken on a range of issues
- Effective budgetary monitoring takes place regularly and is reported quarterly to Members
- Cashable savings identified in the T18 programme have been realised
- Performance management and reporting is embedded including quarterly reporting to the Overview and Scrutiny Panel
- Scrutiny teams have delivered tangible outcomes as highlighted in their Annual Report
- The Council regularly engages with other authorities to learn and understand how best practice has been delivered elsewhere.

### **PRINCIPLE E - Developing capacity and capability**

Staff throughout South Hams and West Devon perform well with sickness levels below the national average. HR policies allow a fair and positive relationship between employer and employee. Regular staff briefings and an online staff appraisal system ensures staff are up to speed with Council priorities. Employees are able to evidence their achievements and identify any training needs through the appraisal process. The Councils are committed to providing opportunities to young people and currently have 6 apprentices.

The Council also undertakes the following to develop capacity and capability:

- Delivers an induction programme for Officers and Members
- Provides a Member training and development programme
- Promotes to staff the use of “Learning Pool” an extensive online learning resource
- Delivers focused training on specific issues (e.g. complaints, data protection)
- Extended Leadership Team development programme
- Works in partnership with local authorities and other bodies to achieve economies of scale
- Conducts a staff survey to gauge employee satisfaction and assist in improving how the organisation performs. The survey results have shown significant improvement over the past 3 years.
- The Council held its first Staff Awards in 2017/18 and this is intended to be an annual event

### **PRINCIPLE F - Managing risks and performance**

There is a culture of risk ownership and management throughout the Council and in 2017/18, particular focus has been given to health and safety and information security. Risks are logged centrally and are updated regularly.

For each risk, the uncertainties are identified, along with the consequences, likelihood of occurrence and strategic impacts that would result. The Council's Senior Leadership Team review the corporate risk log monthly and updates are reported to Elected Members via the Audit Committee on a biannual basis.

Elected Members also have the opportunity to raise concerns with the mitigating actions being taken by officers, and can suggest new risks for consideration.

A Statutory Officers' Panel which meets quarterly has been set up comprising of the Head of Paid Service, Chief Finance Officer and the Monitoring Officer with other key officers invited as appropriate. Its key roles are to ensure that the Council complies with, and manages:

- Governance frameworks
- Strategic risk management, and
- Regulatory framework

The Statutory Officers' Panel has important links with the Audit Committee and the Overview & Scrutiny Panel. It has a rolling programme of works which are set out in a Forward Plan. On 21<sup>st</sup> June 2018, the Audit Committee considered the Annual Report of the Statutory Officers' Panel.

As part of the Statutory Officer's Panel work programme in 2018-19, the Finance Procedure Rules will be updated and submitted to the Council's Audit Committee for review and approval.

All committee reports include a reference where relevant to the potential impact on the Council's priorities and community plan themes, and address as appropriate any financial, staffing, risk, legal and property implications, and are monitored by appropriate senior officers (including the S151 Officer and the Monitoring Officer).

With regards to managing performance throughout the year we have continued to improve performance to meet the needs of our customers.

We have systematically reviewed areas of poor performance, streamlined processes, embedded new IT solutions and delivered staff training. As a result we have seen a significant reduction in call volumes, an increase in transactions online and quicker turnaround times for planning and benefits.

To manage performance the Council ensures the following:

- Continuous managerial review of services to ensure continuous improvement and the economic, effective and efficient use of resources
- Financial management arrangements, where managers are responsible for managing their services within available resources and in accordance with agreed policies and procedures. Quarterly budget monitoring reports are presented to the Executive.
- Active performance management arrangements including quarterly reports to Overview & Scrutiny Panel on performance measures
- A robust complaints/ compliments procedure is in place and is widely publicised, with the Ombudsman's Annual Report being reported to the Overview and Scrutiny Panel
- Freedom of Information requests are dealt with in accordance with established protocols

### **PRINCIPLE G Implementing good practices in transparency, reporting, and accountability**

The Council follows the Government Communication Service guidance on providing clear and accurate information and has a number of measures in place to demonstrate transparency and accountability.

An Audit Committee meets five times a year and its role is to provide an oversight of the financial reporting and audit processes plus the system of internal controls and compliance with laws and regulations.

The Council also has two internal audit staff managed by the Devon Audit Partnership who provide an opinion on the internal control environment and governance processes.

External audit is provided by KPMG who in September 2017 reported that they were satisfied that in all significant respects the Council has put in place proper arrangements to secure economy, efficiency, and effectiveness in its use of resources.

To further ensure transparency the council undertakes the following:

- Provide training to Members on the Overview and Scrutiny Panel on effective scrutiny practices
- Ensure all Member decisions are formally minuted
- Publishes all Council decisions online together with background reports
- Produces an Annual Report detailing Council performance and spend



## **Process for maintaining and reviewing effectiveness of the Council's Governance arrangements**

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. This responsibility is in practice carried out by Senior Managers, with the Executive Director informing the Executive of any significant matters warranting their attention. The Council ensures the delivery of services in accordance with Council policies and budgets, which includes long term financial planning, good financial management and ensuring up to date risk management across the Council. The Overview and Scrutiny Panel is responsible for performing a review function and on 28<sup>th</sup> June 2018 they will consider their Annual Report for 2017/18, which sets out a summary of the work programme they have considered for the 2017/18 year.

### The Audit Committee

The Audit Committee has a specific role in relation to the Council's financial affairs including the internal and external audit functions and monitors the internal workings of the Council (broadly defined as 'governance'). It is responsible for making sure that the Council operates in accordance with the law and laid down procedures and is accountable to the community for the spending of public money. The Audit Committee will provide:-

- i) independent assurance of the adequacy of the risk management framework and the associated control environment
- ii) independent scrutiny of the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment
- iii) oversees the financial reporting process.

The review of effectiveness of the system of internal control is informed by three main sources: the work of Internal Audit; by managers who have responsibility for the development and maintenance of the internal control environment; and also by comments made by external auditors and other review agencies/inspectorates.

### Internal Audit

The Council's responsibility for maintaining an effective internal audit function is set out in Regulation 6 of the Accounts and Audit Regulations 2011. This responsibility is delegated to the S151 Officer.

The Internal Audit Shared Service Team operates in accordance with best practice professional standards and guidelines. It independently and objectively reviews, on a continuous basis, the extent to which the internal control environment supports and promotes the achievement of the Council's objectives and contributes to the proper, economic, efficient and effective use of resources. All audit reports go to the Senior Leadership Team who agree any recommendations. Members receive an annual report of internal audit activity and approve the annual audit plan for the forthcoming year.

The Internal Audit annual report for 2017/18 was also considered by the Audit Committee on 21st June 2018. The report contained the Head of Internal Audit's Opinion for the 2017/18 year as stated below:-

**Overall and based on work performed during 2017/18, and that of our experience from previous year's audit, the Head of Internal Audit's Opinion is of "Significant Assurance" on the adequacy and effectiveness of the Authority's internal control framework.**

This view has formed part of the final Annual Governance Statement for 2017/18.

#### Senior Managers

Individual managers are responsible for establishing and maintaining an adequate system of internal control within their own sections and for contributing to the control environment on a corporate basis. There are a number of significant internal control areas which are subject to review by internal audit. All managers acknowledge their responsibilities and confirm annually that they have implemented and continuously monitored various significant controls.

#### External auditors and other review agencies/inspectories

Our external auditors (KPMG) have issued their 'Audit progress' letter dated 9 March 2018 on the outcome of the planning and control evaluation phases of their audit. This was to ensure that, in line with good practice any significant matters are reported to those charged with governance in a timely manner. Their letter states their audit work has gone smoothly and that they have not identified any significant issues. However KPMG did identify two non-significant control deficiencies. These related to:-

- i) The fact that the completion of monthly benefit payment checks by officers was not being documented so as to evidence their completion; and
- ii) The reconciliation of National Non-Domestic Rates cash and refunds to the general ledger were performed outside of a reasonable timeframe and reconciling items were not being cleared in a timely fashion.

The key messages from KPMG's External Audit report for 2017/18 (presented to the Audit Committee on 26<sup>th</sup> July 2018) were as follows:-

An unqualified audit opinion on the Accounts is anticipated to be issued before 31 July 2018. KPMG's audit of the Accounts did not identify any material misstatements to the Council's Accounts and they agreed a number of minor presentational and disclosure changes to the supporting notes to the Accounts.

No significant issues arose as a result of their work on the allocation of shared costs, the valuation of PPE, Pension Liabilities or Faster Close.

The KPMG report stated that, "The overall process for the preparation of the financial statements is good. The accounts were produced ahead of the

deadline of 31 May and the first draft was of a high standard, despite the pressures brought by an earlier deadline.”

**Value for Money (VFM) audit conclusion** – KPMG concluded that the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources. An unqualified VFM conclusion was issued by 30 September 2017.

### Significant Governance Issues

The following action plan has been drawn up to address the weaknesses identified and ensure continuous improvement of systems or to deal with governance issues:

**Issues and action plan from the Compliance Review of the Code of Corporate Governance**

Issue Identified	Action to be Taken	Responsible Officer
<p><b>Closedown of T18 Transformation Programme</b></p> <p>In 2013, South Hams District Council and West Devon Borough Council embarked on an ambitious and challenging Transformation Programme (T18), to remodel how the Councils worked. This was in light of the acute combined funding gap (£4.7 million) the Councils were facing.</p> <p>The T18 Closedown report was presented to the Overview and Scrutiny Panel on 3<sup>rd</sup> May 2018.</p> <p>The predicted final spend (£4.556million) is £58,000 less than the budget of £4.614 million. The total annual savings realised from the T18 Transformation Programme were £2.93 million per year. The largest element of these savings were staffing savings. Between 2014 and 2015, the majority of employees at both Councils went through a rigorous recruitment process and the workforce was reduced by 30%. The payback period of the Programme was 2 years and 11 months.</p>	<p>T18 Closedown Report to be considered by the Executive in June 2018.</p> <p>Lessons learnt contained within the report are to be taken into account on future corporate projects.</p> <p>A separate report is to be produced looking at the Civica implementation and the lessons learnt as a result.</p>	<p>Senior Leadership Team S.151 Officer Monitoring Officer Internal Audit Manager Timescale in line with the Programme.</p> <p>Group Manager for Customer First and Support Services October 2018</p>

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*Issues and action plan from the System of Internal Control:*

The system of internal control is described in section 2 above.

<b>Issue Identified</b>	<b>Action to be Taken</b>	<b>Responsible Officer &amp; Target Date</b>
<p><b><i>The Joint Local Plan</i></b></p> <p>This year has seen the Council make good progress with the Joint Local Plan, by working together with West Devon Borough Council and Plymouth City Council.</p> <p>The Joint Local Plan is a strategic planning document which sets out development and growth up until 2034 and will set home building and job targets for all three authorities. The plan has just gone through its public examination and at this stage, the Council is confident that the plan will be supported by the Inspectors and is on track to be adopted later this financial year.</p>	<p>A Joint Member Steering Group is in place to ensure that key decisions needing to be made are taken back to the individual Local Authorities.</p>	<p>Executive Director and Head of Paid Service</p> <p>Target Date: Adopt in the 2018/2019 year.</p>
<p><b><i>General Data Protection Regulation (GDPR)</i></b></p> <p>On 25<sup>th</sup> May 2018, the General Data Protection Regulation came into effect.</p> <p>Work has been undertaken in respect of data protection/GDPR readiness and an audit completed.</p> <p>Data Protection Officer (DPO) now named and is a member of the Senior Leadership Team</p>	<p>All employees responsible for the adequacy of data security arrangements within their control. Access to electronic data is only available via Council managed devices.</p> <p>All staff have been and new starters will be completing a data protection awareness course via the Council's new eLearning tool.</p>	<p>Group Manager for Business Development</p> <p>June 2018</p>

Issue Identified	Action to be Taken	Responsible Officer & Target Date
(SLT).	Continue to monitor arrangements in place.	September 2018
<p><b>Financial Uncertainty</b></p> <p>As Local Authorities experience reductions in funding, although South Hams District Council currently has a balanced budget, we must continue to review spending and monitor financial plans in order to balance future budgets in the face of the further government funding reductions.</p> <p>A Medium Term Financial Strategy (MTFS) was presented to the Executive on 20<sup>th</sup> July 2017, setting out the current position and was regularly updated throughout the 2018-19 Budget Setting process.</p> <p>There is still more to be done but the Council is establishing a solid base from which to become more commercial in its approach to meeting the forecast budget gap of £0.6 million for next year (cumulative budget gap of £2.45 million by 2022/23), whilst protecting its much valued services.</p> <p>In this financial climate, income generation becomes a key priority area.</p> <p>Other initiatives in progress include:</p> <ul style="list-style-type: none"> <li>• Income generation initiatives</li> <li>• Business Rates Pilot</li> <li>• Strategic Asset Review</li> <li>• Recycling, waste collection, street cleansing and grounds maintenance services are being market</li> </ul>	<p>The Council will respond to Government consultations on:</p> <p>i) Fair Funding Review ii) Business Rates Growth Retention by 2020 iii) Negative Revenue Support Grant for 2019/20 onwards</p> <p>Senior Leadership Team actively participate in Government consultations, MP discussions and keep aware of changes and the response by peer group, ensuring where appropriate, the learning from this is incorporated into strategic plans.</p> <p>Members and the Senior Leadership Team have been actively involved in the development of the MTFS. A Members' Budget Consultation Workshop was held with all Members on 28<sup>th</sup> September 2017.</p> <p>Members will be further consulted on the elements that make up a MTFS at an Informal Council meeting in 2018, before adoption of the revised 5 year strategy by Council.</p>	<p>Senior Leadership Team S151 Officer December 2018</p> <p>Reports to Council at the end of July 2018</p> <p>Five Year Medium Term Financial Strategy report in September 2018.</p> <p>Government consultations will be responded to within their deadlines.</p> <p>S151 Officer September 2018</p>

Issue Identified	Action to be Taken	Responsible Officer & Target Date
tested		
<p><b>Review of key services – Peer Review</b></p> <p>Over the next 12 months we will be benchmarking our services and performance against others and have invited the Local Government Association to carry out a 'Peer Review'. The review is scheduled for September and the review team will be made up of senior members and officers from other leading and comparable Councils and they will assess our progress in the following areas;</p> <ul style="list-style-type: none"> <li>• Review the various options to secure the financial sustainability of the Council</li> <li>• Consider the resource pressures for the Council and the implication for the delivery of non-statutory services and how the Council may manage these services in the future</li> <li>• Review the proposed plans for investment and commercial delivery</li> <li>• Review the extent that the Council has embraced organisational change and the use of e-technology</li> <li>• Review economic growth and housing and how the Council might deliver this.</li> </ul>	<p>Undertake a 'Peer Review' with the objectives as stated.</p> <p>In addition we will be working with key stakeholders and current contractors to ensure that front line services continue to perform at a high level and can be developed in the future.</p> <p>Recycling, waste collection, street cleansing and grounds maintenance services are being market tested for quality, environmental suitability, cost and performance.</p> <p>The FrontLine Services Project Board consists of relevant officers and three Members from each Council, who meet on a monthly basis to facilitate the waste procurement project.</p>	<p>Senior Leadership Team By September 2018</p> <p>Group Manager for Commercial Services and S151 Officer By December 2018</p>

Issue Identified	Action to be Taken	Responsible Officer & Target Date
<p><b>Senior Leadership Team Interim arrangements</b></p> <p>In February 2018, the Executive Director for Strategy and Commissioning and Head of Paid Service left the employment of the Council. Due to the scale of the challenges ahead for the Council, Members felt that it was important that the Council retained stability and continuity in its strategic leadership and senior management capacity.</p> <p>At a Council meeting in December 2017, Council approved that the Executive Director for Service Delivery and Commercial Development be designated the Head of Paid Service for an interim period of up to 18 months. It was also agreed to allocate additional responsibilities to members of the senior and extended leadership team on an interim basis.</p>	<p>Report to Council in Summer 2019 regarding the Senior Leadership Team structure</p>	<p>Executive Director and Head of Paid Service</p>
<p><b>Internal and External Audit Reports</b></p> <p>Some issues have been identified in audit reports by the Council's shared in-house internal audit team and the Council's external auditor, KPMG.</p> <p>Individually the recommendations do not impact on the wider system of internal control, but action plans for remedial action have been agreed where appropriate.</p>	<p>All remedial actions detailed in external and internal audit reports will be completed in line with the agreed timescales. These actions will be monitored by the auditors' 'follow up' procedures.</p>	<p>Extended Leadership Team (ELT) S151 Officer Internal Audit Manager In line with agreed timescales</p>

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our

review of effectiveness and will monitor their implementation and operation as part of our next annual review.

## **CONCLUSION**

The Council is satisfied that appropriate governance arrangements are in place. However it remains committed to maintaining and where possible, improving these arrangements, in particular by addressing the issues identified by Internal Audit and External Audit in their regular reports to the Audit Committee.

**Signed:**

**Cllr R Tucker  
Leader of South Hams District Council**

**Signed:**

**Sophie Hosking  
Executive Director and Head of Paid Service**

**On behalf of South Hams District Council**

**Date:** 26th July 2018