



## South Hams District Council Annual Governance Statement 2021-2022

### 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.

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.

The role of the Chief Executive is to implement the plans and policies that support the strategic direction of the Council as set by Members. The Chief Executive leads the Senior Leadership Team consisting of the Directors of Finance, Service Delivery, Governance and Place & Enterprise, who are in turn supported by an Extended Leadership Team. The Extended Leadership Team includes the principal people managers and professional lead officers in areas such as Housing, Planning, Environmental Health, Asset Management, Environment Services and Waste and Support Services such as Finance, Legal, and Human Resources.

The Council's Corporate Director of Strategic Finance 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.

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 2022 and is expected to continue up to the date of approval of the Accounts by the Audit and Governance 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 within the report and these 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 Officer and Monitoring Officer 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 our 'IMPACT' Framework) to establish the right values and culture.
- In order to promote ethical behaviours amongst Members and Officers, the Council has a number of policies such as those relating to procurement, whistleblowing, counter fraud and anti-money laundering. Through the Council's induction programme, employees are required to read the Employee Code of Conduct and confirm that they have understood the content. Any suspected cases of fraud, corruption and non-compliance with policy are investigated by the Council's Internal Audit Team.
- The Council has effective counter fraud and anti-corruption arrangements which are maintained in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014). Our anti-fraud and corruption policies are maintained in line with the code. The council also participates in the National Fraud Initiative (NFI).
- 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. During 2021/22 the policy was updated and considered by the Audit and Governance Committee at their meeting on 10<sup>th</sup> March 2022 (A.39/21 Review of Confidential Reporting Policy). The policy was then recommended to Full Council at their meeting on 19<sup>th</sup> May 2022 where it was adopted.



- 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. Work continued through 2021/22 to review the constitution and a report on its revision was considered at Full Council at its meeting on 19 May 2022.
- 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 was reviewed and agreed with the Unions in 2017-18.  
A Members' Code of Conduct is in place and is fit for purpose but is due to review on the conclusion of the Local Government Association's consultation (and issue of) a new model code of conduct.
- 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 and Governance Committee in place with clear terms of reference, which oversees internal and external audit, the Constitution, Risk Management and regulatory policies.
- The Council has continued to operate a robust information governance regime. Information security breaches are reported to the Data Protection Officer (DPO) on a regular basis and are investigated by an officer within the Governance Directorate, with a report to the Information Commissioner where required. Information governance policies and procedures are reviewed and approved by the Information Governance Group on a regular basis.
- Annual IT health checks are undertaken which are conducted by accredited external security specialists. These are commissioned standard tests of system security, designed to assess our suitability for connection to government networks. Overall the security posture of the external network infrastructure was found to be excellent.

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

All Council business is conducted in public unless legislation deems it appropriate for it to be considered in private.

From 7<sup>th</sup> May 2021, on expiry of the emergency covid powers enabling us to hold formal remote meetings, our committee meetings returned to being face to face.



We have however retained the positives from the pandemic and continued with 'Hybrid meetings' enabling non-committee Members, external speakers and our officers to join meetings remotely to minimise the covid risks and enable greater attendance and participation in meetings.

We continue to stream our committee meetings to YouTube, social media and our website (save where 'Exempt' under the Local Government Act 1972 following formal evaluation of the public interest).

The Council 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 outcomes in terms of sustainable economic, social, and environmental benefits and determining the interventions necessary to optimise the achievement of the intended outcome**

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.



## Corporate Strategy

Considering several significant changes to the operating environment (post-Brexit and Covid-19 among them), the Council began the process of developing a new corporate strategy in April 2020. This work continued into this financial year and a draft Corporate Strategy was considered in July 2021 with a period of consultation then running through the summer. The final Corporate Strategy, 'Better lives for all', a vision for South Hams was adopted in September 2021 and can be found [here](#). The strategy is a significant step forward for the Council, setting a clear direction for us for the next three years, underpinned by detailed delivery plans.

## Annual Report for 2021-22

The Council's Annual Report sets out the Council's key achievements for 2021-22. This year's Annual Report is aligned to our new Better Lives for All delivery plan themes.

The 2021-22 Annual Report of Achievements can be seen [here](#) (Agenda Item E.16/22)

## Partnerships and Governance

The Council has several partnerships that help to deliver our Strategic Priorities. Regular updates are provided by key partnerships to Members with them being provided either formally to the Overview and Scrutiny Panel or informally through the weekly Member Bulletin.

During 2021-22 we have taken steps to identify key partners and consulted with them to shape our Better Lives for All Strategy.

We are now considering the future of our 'funded' key partners with a view to agreeing a further two-year funding arrangement. These include organisations that align and support in delivering our corporate strategy such as Citizens Advice, CVS and AONB.

An annual report on the activities of Outside Bodies was considered by Overview and Scrutiny at their meeting on 21<sup>st</sup> April 2022 <https://mg.swdevon.gov.uk/documents/s28313/Appendix%20A%20Outside%20Bodies%20Annual%20Report.pdf>

## **PRINCIPLE E Developing the entity's capacity, including the capability of its leadership and the individuals within it**

Through regular staff briefings, e-bulletins, team meetings and an online staff appraisal system, South Hams District Council ensure that all staff understand our corporate priorities and how their work contributes to them.



During 2021/22 the Council has undertaken the following to develop capacity and capability:

- Developed a Management Development Programme for a cohort of over 30 senior officers within the Council – which launches in 2022/23.
- Provided a Member training and development programme.
- Promoted to staff the use of “Learning Pool” an extensive online learning resource.
- Delivered focused training on specific issues (e.g. complaints, data protection, information security).
- Worked in partnership with local authorities and other bodies to achieve economies of scale -West Devon for our full Shared Services, Teignbridge District Council for Procurement support and Plymouth City Council through our Joint Local Plan.
- Conducted a staff survey to gauge employee satisfaction and assist in improving how the organisation performs.
- Held a Staff Awards ceremony to recognise outstanding performance, and highlighted compliments paid to staff from customers and colleagues in the weekly staff bulletin.

During 2022/23 there will be a significant focus on organisational development and people management with the bringing together of core functions (HR, Comms, Organisational Development and Strategy). In September we will be carrying out a revised employee survey, carried out by the Local Government Association. This will provide us with a benchmark and enable us to identify progress over the next three years.

#### PRINCIPLE F Managing risks and performance through robust internal control and strong public financial management

There is a culture of risk ownership and management throughout the Council with Strategic Risks being logged centrally and are updated regularly. Our approach to reporting strategic risks to members has been enhanced, providing a greater narrative and a clearer history of the risk scoring.

For each risk, the uncertainties are identified, along with the consequences, likelihood of occurrence and strategic impacts that would result.

Elected Members also have the opportunity to raise concerns with the mitigating actions being taken by officers and can suggest new risks for consideration. In addition to continuing to report risks to the Councils Audit and Governance Committee twice a year, we now report the Strategic Risks to the Executive on a quarterly basis.



All Committee reports include a reference where relevant to the potential impact on the Council's priorities and corporate strategy 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). The Chief Finance Officer (Section 151 Officer) is responsible for the proper administration of all aspects of the Council's financial affairs including ensuring appropriate advice is given to the Council on all financial matters.

During the year, the Council has taken the step of joining the South West Audit Risks Management Group. This brings together Risk Management Officials from all key public sector bodies in Devon, Cornwall and Somerset every quarter to consider the approach to risk management, workshop any significant risks that we may face and to share best practice.

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

We have taken steps to enhance our performance management framework which has seen us implement:-

- a programme of progress reports on our Corporate Strategy themes. This 'deep-dives' are reported to Overview and Scrutiny with each meeting considering a different theme. This ensures that scrutiny focus on our progress against our corporate strategy priorities
- quarterly Integrated Performance Management reports to Executive which set out progress against our corporate strategy, key risks and issues, progress against strategy budget and key performance indicators
- A suite of revised Key Performance Indicators (KPIs)

We have continued to systematically review areas of poor performance, streamlined processes, embedded new IT solutions and delivered staff training.

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 regular reports to Overview & Scrutiny Panel and Development Management Committee 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

Fraud/Irregularity - There have been no irregularities to report regarding the day-to-day operation of the Councils. However, there have been 12 cases which relate to COVID-19 business grant applications. 8 cases were identified as potential frauds before any payment was made. Of the remaining four cases, two are being investigated by the National Investigation Service and the Council has been supplying information to assist in these investigations. Recovery of payments in the final two cases is taking place. Any cases identified have been reported to Devon Audit Partnership's Counter Fraud Team and to the National Anti-Fraud Network (NAFN).

#### **PRINCIPLE G Implementing good practices in transparency, reporting, and audit to deliver effective 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 and Governance Committee meets between five and six 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. In March 2019 (Minute A.53/18), it was recommended to Council for South Hams to join the Devon Audit Partnership as a 'non-voting' partner. This was approved by Council in March 2019 with the Council joining the partnership as a non-voting partner from 1 April 2019.

Nine applications for exemptions to Contract/Financial Procedure Rules were received in the year with all being approved.

Grant Thornton have substantially completed their audit of the financial statements for 2021/22 and subject to outstanding queries being resolved and the conclusion of the national infrastructure accounting issue, **Grant Thornton anticipate issuing an unqualified audit opinion for 2021/22.**



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
- Streams all of its public meetings online
- 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 Chief Executive 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 Audit and Governance Committee

The Audit and Governance 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 and Governance 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 2021/22 was considered by the Audit Committee on 30<sup>th</sup> June 2022. The report contains the Head of Internal Audit's Opinion for the 2021/22 year which is that of "Reasonable Assurance" on the adequacy and effectiveness of the Authority's internal control framework.

### 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/inspectorates

Our external auditors (Grant Thornton) have issued their 'Audit Findings Report for the Council for 2021/22 and this was considered by the Audit and Governance Committee on 24 November 2022. The document summarises their key findings in relation to their external audit of the Council's Accounts for 2021/22 and contains an opinion on the Council's financial statements, the control environment in place to support the production of timely and accurate financial statements and the Council's significant risk areas. This report confirmed that subject to outstanding queries being resolved and the conclusion of the national infrastructure accounting issue, **Grant Thornton anticipated issuing an unqualified audit opinion for 2021/22.**



### Value for Money (VFM) arrangements

Grant Thornton’s Value for Money work will provide a commentary on the work Grant Thornton have undertaken to address the key elements of governance, financial sustainability and how to improve economy, efficiency and effectiveness.

Grant Thornton had planned to submit their Annual Auditor’s Report for 2021/22 within three months of issuing the financial statements audit opinion. However, as one year will have passed since the year end, it is considered more practical and timely to merge the report with that of 2022/23 and issue that before the 2022/23 financial statement audit opinion.

### 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 System of Internal Control***

Issue Identified	Action to be taken	Responsible Officer and target date
<p><b><u>Financial Uncertainty</u></b></p> <p>The Council continues to face considerable financial challenges as a result of uncertainty in the wider economy and constraints on public sector spending and the additional pressures as a result of the long term impacts of Covid-19.</p> <p>The Council has to be entirely independent to fund all of its services on a net budget of just over £10.4million (2022/23), as the District Council no longer receives any main Government Grant (Revenue Support Grant).</p>	<p>On 10<sup>th</sup> February 2022, Council set a balanced Budget for 2022/23. Members approved the creation of a new Earmarked Reserve, the Financial Stability Reserve for £280,000, to be available for any future financial pressures from future local government funding reforms and any other budget pressures.</p> <p>The Council will prepare its Medium Term Financial Strategy for the period covering 2023/24 to 2025/26 and this will be presented to the Executive at its September 2022 meeting, with the Budget Monitoring report for the first few months of 2022/23 being presented to the Executive in October 2022.</p> <p>The Council will continue to respond to national funding consultations and lobby alongside other Devon Councils and national organisations such as the District Councils' Network for a multi-year financial settlement, to aid long term strategic financial planning.</p>	<p>Director of Strategic Finance (S151 Officer)</p> <p>By October 2022</p>



Issue Identified	Action to be taken	Responsible Officer and target date
<p>Throughout the 2021/22 financial year, the Deputy S151 Officer has continued to submit monthly DELTA returns to Central Government that detail the current additional expenditure and loss of income streams suffered by the Council on a monthly basis (due to Covid19), with predictions for future months.</p> <p>The S151 Officer will continue to monitor expenditure and income streams and the overall longer term impact of Covid-19.</p> <p>Much will also depend on the next Government financial settlement for 2023/24 and confirmation on funding items like Negative Revenue Support Grant, New Homes Bonus scheme and the timing for the business rates baseline reset.</p>	<p>The Budget Gap over the next two years, 2023/24 and 2024/25, is likely to be in excess of £0.6million in aggregate and work is already underway to address this. A Member budget workshop will be held in the Autumn to explore potential options for addressing the budget shortfall for the next financial year and longer term.</p> <p>There will be regular Budget Monitoring reports to the Executive.</p> <p>The financial standing of the Council is secure in the immediate future, but there is still much work to do to ensure the long term financial sustainability of the Council.</p> <p>In his speech to the Local Government Association (LGA) conference on 28 June 2022, the Secretary of State, Michael Gove MP, promised to give local authorities greater “financial certainty”. It was confirmed that a 2-year financial settlement will be introduced. The proposal for a 2-year settlement suggests that there will be rollover settlements in both 2023/24 and 2024/25, meaning financial settlements that are broadly similar to 2022/23. The Fair Funding Review, business rates baseline reset, and other funding reforms now look set to be pushed back to 2025/26 but this has not been confirmed by the Government.</p> <p>As at 31 March 2022, the Council holds £20.839m in Earmarked Reserves and £2.056m in Unearmarked Reserves. Approximately £4.26m of Earmarked Reserves is due to a technical accounting adjustment on Business</p>	<p>Director of Strategic Finance (S151 Officer)</p> <p>By October 2022</p>



Issue Identified	Action to be taken	Responsible Officer and target date
	Rates and is not money which is available to the Council to spend.	
<p><b><u>Delivery of Waste and Recycling</u></b></p> <p>In the 2020/21 Annual Governance Statement, we highlighted the issues being experienced by our waste contractor in delivering the Waste and Recycling Service.</p> <p>Throughout 2021/22, the Council had a significant focus on trying to resolve issues with its waste and recycling service.</p> <p>On 12 July 2022, Executive considered a report, with advice from the Council's Waste Working Group. The Waste Working Group advised that the Council and FCC Environment have reached a mutual agreement to end their contract for waste, recycling, street and toilet cleaning services.</p> <p>Both parties agree that the past few years have presented a number of extremely challenging circumstances.</p> <p>In the best interests of the residents of the South Hams, it was proposed that the services will be operated by the Council from Monday 3 October 2022. This decision was subsequently approved by Full Council on 14 July 2022. The Council and FCC Environment will work closely together to ensure a smooth transfer of the services.</p> <p>At the point of preparing the Statement of Accounts, planning continues and a further update will be considered by Executive and Council in September, ahead of the transfer of services in-house in October.</p>	<p>A project team will now be established to manage the transfer of services back in house.</p> <p>A project manager has been appointed to support the Head of Waste with the delivery of the project.</p> <p>A further update including updated financial modelling will be considered by the Executive and Council in September 2022 ahead of the service returning under the direct control of the Council on 3 October 2022.</p>	<p>Head of Waste and Recycling – July 2022</p> <p>Director of Service Delivery and Director of Strategic Finance (S151 Officer)</p> <p>September 2022 and October 2022</p>



Issue Identified	Action to be taken	Responsible Officer and target date
<p><b><u>Business Continuity</u></b></p> <p>During 2021/22, Business Continuity has continued to be a significant risk for the Council, with the ongoing Covid-19 pandemic continuing to impact on resourcing across the Council – both from the increased work required to support various Government support schemes and the direct impact of staff being unable to work due to sickness related to the virus.</p> <p>The Council has also considered the implications of emerging risks such as increased instances of cyber attacks on local government and other organisations.</p>	<p>We have commenced work to update our business continuity plans in light of these risks and will be implementing a revised Business Continuity work programme for 2022/23</p>	<p>Director Customer Service and Delivery 2022/23</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, Grant Thornton. 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>Specifically highlighted within the Internal Audit Annual Report for 2021/22 were:</p> <p>Debtors – Limited Assurance</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>Further work is being undertaken on the areas highlighted by the internal audit report being the use of enforcement agents for the recovery of sundry debts, progressing legal action through the courts and monitoring broken instalment arrangements.</p> <p>The Head of Finance is raising queries on the use of the web-version of the Civica Financials system through the User Group as it is felt that the additional functionality needed is not yet</p>	<p>Extended Leadership Team (ELT) S151 Officer Internal Audit Manager In line with agreed timescales</p> <p>Head of Finance - Ongoing</p>



Issue Identified	Action to be taken	Responsible Officer and target date
Council Tax and Business Rates – Limited Assurance	<p>there to enable the finance team to migrate to the new system.</p> <p>A review of our Revenues and Benefits function has taken place during 2021/22 with a detailed improvement plan being developed. We have also taken steps to recruit a dedicated Head of Revenues and Benefits. This will ensure a greater strategic focus and direction on the areas of improvement identified within the audit.</p>	Head of Revenues and Benefits – Ongoing
Estates, Property and rent – Limited Assurance	<p>Work has continued on addressing the areas identified for improvement within the audit. The Audit and Governance Committee has asked for a specific agenda item to update on progress in this area at their September meeting.</p>	Head of Assets – September 2022
Data Quality – Limited Assurance	<p>We have continued progress with implementation of our new IT systems which will lead to a greatly reduced need to manually extract and interrogate data in order to provide key performance information to Members and staff. A Data Quality Strategy will be updated and shared with all staff setting out the principles of good quality data management. A further update on this will be considered by the Audit and Governance Committee at their meeting in September.</p>	Head of Strategy – September 2022

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 and Governance Committee.

Signed:

**Cllr J Pearce**  
**Leader of South Hams District Council**

Signed:

**Andy Bates Chief Executive**  
**On behalf of South Hams District Council**

Date: 30 March 2023