

<b>NAME OF COMMITTEE</b>	<b>Audit Committee</b>
<b>DATE</b>	<b>16 January 2014</b>
<b>REPORT TITLE</b>	<b>INTERNAL AUDIT - PROGRESS AGAINST THE 2013/14 PLAN</b>
<b>Report of</b>	<b>Chief Internal Auditor</b>
<b>WARDS AFFECTED</b>	<b>All/Corporate</b>

**Summary of report:**

The purpose of this report is to inform members of the principal activities and findings of the Council's Internal Audit team for 2013/14 to the 30th November 2013, by:

- Providing a summary of the main issues raised by completed individual audits; and
- Showing the progress made by the section against the 2013/14 annual audit plan, reviewed by this Committee in April 2013.

**Financial implications:**

None, within existing budgets.

**RECOMMENDATIONS:**

**That the Audit Committee considers the progress made against the 2013/14 Internal Audit Plan and comment on the summary of issues arising.**

**Officer contact:**

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**1. BACKGROUND**

- 1.1 The Terms of Reference (Charter) for Internal Audit was presented to the Audit Committee in April 2013 (Minute reference A.28/12) and covers:

Purpose, Authority and Responsibility;

Independence;  
 Audit Management;  
 Scope of Internal Audit's Work;  
 Audit Reporting; and  
 Audit Committee.

- 1.2 The Audit Strategy was updated for 2013/14 and was approved by the Audit Committee in April 2013 (Minute reference A.28/12 refers). It covers:

Objectives and Outcomes;  
 Opinion on Internal Control;  
 Local and National Risk Issues;  
 Provision of Internal Audit; and  
 Resources and Skills.

*Public Sector Internal Audit Standards (PSIAS)*

- 1.3 At the September 2013 Audit Committee members accepted the view that the above documents remained fit for purpose and will be brought strictly into line with the new Public Sector Internal Audit Standards for 2014/15 (Agenda Item 10: Minute reference A.17/13 refers).

**2. PROVISION OF INTERNAL AUDIT AND PROGRESS – 2013/14**

Audit Plan 2013/14

- 2.1 The 2013/14 audit plan (Appendix A) was presented and accepted by the Audit Committee at their meeting of April 2013 (A.29/12 refers).

Local and National Risk Based Amendments to the Plan

- 2.2 The audit plan is continuously reviewed and updated to reflect emerging risks, and these are incorporated either through the contingency days or by changes to the plan, depending on the significance.
- 2.3 There is one proposed amendment to the Plan accepted at the September 2013 Committee:

<b>Audit</b>	<b>Plan Days 2013/14</b>	<b>Plan Days Update</b>	<b>Reason for Change</b>
Leisure Contract (Management of)	0	9	The Chief Internal Auditor has accepted the Corporate Risk Management Group's request to revisit this high profile contract. Last audited in 2011/12.
Allocation of HQ Costs	4	0	Low priority audit: in part covered by shared services recharge audit, and lesser coverage in the Main Accounting System.
Council Tax Collection	5	0	Low priority audit: can receive lesser coverage in the Council Tax audit if time allows.

- 2.4 Overspends on the estimated time for individual audits occur as the time in the audit plan is an estimate based on risk and generally not the amount of time needed to do the work required. All efforts are made to 'cut our cloth according to our means', but in some circumstances where control issues are identified, a risk based assessment is carried out. This constitutes consideration, depending on the significance, of whether additional time should be spent and if so where the work is to be charged, either contingency or by change to the audit plan.
- 2.5 The following table sets out the significant overspends on time budgets (3.5 days or more) on individual audits as totalled in Appendix A, and the reasons for the overrun:

Audit	Planned Days	Days Used	Reason for Overspend
-	-	-	None over 3.5 days
-	-	-9	As para 2.4 - Culmination of overspends below 3.5 days for finalised audits
<b>Total</b>	-	<b>-9</b>	<b>Underspend to date</b>

### Resources and Skills

- 2.6 Sickness to the 30th November 2013 is 2 days (2012/13 equivalent 6 days).
- 2.7 In 2013/14 to date, training has been or is being provided to the audit team as follows:

#### Chief Internal Auditor

- Smartsheet Overview (Internal)
- Update re changes to Council Tax and Business Rates (NDR) (Internal)

#### Senior Auditor:

- Information Security and Cybercrime (IIA Exeter)
- Update re changes to Council Tax and Business Rates (NDR) (Internal)

#### Auditor:

- Smartsheet Overview (Internal)
- Update re changes to Council Tax and Business Rates (NDR) (Internal)

### Progress against the Plan

- 2.8 The 2013/14 Internal Audit Plan is attached at **Appendix A**. This has been extended to show the final position for each audit, and replicates a part of the monitoring report presented to the S.151 Officer on a monthly basis.
- 2.9 **Appendix B** provides a summary of the main issues raised for all of the audits where a final audit report has been issued. In addition, the Appendix shows the results of our follow up of previous audit work and tasks that have not produced an audit report.

2.10 **Appendix C** provides a summary of unplanned work carried out by the team. This work is by definition unexpected work, which ranges from advice to managers on control issues, to the investigation of potential irregularities. Tasks are budgeted from the 'Contingency' line of the audit plan.

Non Compliance with Contract or Financial Procedure Rules

2.11 There are no significant issues to bring to the attention of the Committee so far this year.

Fraud, Corruption, Bribery and Whistle Blowing

2.12 No actual, suspected or allegations of fraud, corruption or bribery have been identified so far this year, and there are no known whistle blowing reports.

Performance Indicators

2.13 Internal Audit's performance indicators are mainly collected annually and will be reported to the Audit Committee in full in the year-end report. The full list of those recorded is set out in the Audit Strategy 2013/14.

2.14 At this stage in the year, the key indicator 'Completion of 2013/14 Audit Plan' is as follows:

Indicator	Target %	Actual %	Comments
Audits completed from 2012/13 combined audit plan.	90	96	As reported to the Audit Committee June 2013.
<b>Audits at the 30th November 2013 at various stages of completion from 2013/14 audit plan and their 2012/13 equivalents.</b>			
SHDC	95	68%	(59% at November 2012).
WDBC	95	60%	(59% at November 2012).
Combined plan	-	68%	(62% at November 2012).

Internal Audit – Shared Services

2.15 The following has been achieved so far this financial year:

Shared service with West Devon

- Progress on the 2013/14 audit plan reported to the West Devon Audit Committee. A growing number of audits are being completed across the two sites at the same time e.g. recharging shared service costs.

Teignbridge

- Exchange of audit programmes, advice, official guidance and best practice; and
- Liaison over various corporate documents.

### **3. ISSUES from SEPTEMBER 2013 AUDIT COMMITTEE**

3.1 The Committee requested further information on several topics, namely:

#### **3.2 Minute A.14/13 ANNUAL GOVERNANCE STATEMENT: Update of Data Quality Strategy**

An updated Data Quality Strategy was presented to the Senior Management Team (SMT) in December 2013 for approval.

**3.3 Minute A.16/13 NEW BUDGET PROCESS AND MONITORING – NEXT STEPS:** That the Chief Internal Audit Manager and Head of Finance and Audit provide details to the next Audit Committee on the costs associated with:

#### **3.4 Cemeteries and Burials**

*'It was discussed that re-locating costs in relation to cemeteries and burials to Town and Parish Councils be considered. The Chief Internal Auditor agreed to consider this from a statutory perspective'.*

##### Cemeteries

The District Council owns a cemetery at Ivybridge and has also been given responsibility for the maintenance of eight other closed cemeteries within the district. Management of the cemeteries is mainly the responsibility of the Head of Assets.

##### Closed Churchyards

Church of England churchyards may be closed to further burials by issue of an 'Order in Council'. Once closed by such Orders no further burials may take place in the churchyard, apart from the burial of cremated remains or in existing family reserved graves. Closure enables the Church of England, in accordance with statutory provisions, to transfer responsibility for maintenance of the churchyard over to the local authority.

The budgeted costs associated with maintaining these assets for 2013/14 include grounds maintenance of £18,800 and repairs and maintenance of £11,000 excluding support service recharges.

##### Ivybridge Cemetery

The District Council has appointed the Town Council, at Ivybridge, as its agent to carry out the District Council's functions as burial authority. The agreement commenced on 2008 for a period of ten years to 2018.

The Town Council are responsible for the administration and management of the cemetery and providing repairs and maintenance to areas such as the Chapel, railings, fences, walls, gravestones and grass cuttings.

## Burials

Under Public Health (Control of Disease) Act 1984, the Council has a duty to arrange for the burial or cremation of the body of any person found dead in the district where it appears that no other suitable arrangements will be made for the disposal of the deceased.

The Council is usually called upon where people have died without family or friends to make the necessary arrangements. The costs incurred can be claimed from the deceased estate. Any monies remaining after the deduction of funeral and administration fees are forwarded to the Treasury Solicitor.

For the current financial year the Council has spent £2,886 directly on three funeral costs and recovered £525 from estates.

A routine internal audit is planned for Cemeteries and Burials in 2014/15.

### **3.5 Community Safety**

Net operating costs for Community Safety for 2013/14 are budgeted at £33,800 (£38,300 after support service and other recharges).

Section 17 of the Crime and Disorder Act 1998 placed a statutory duty on councils to work with partners to reduce crime and disorder, whereas the responsibility for crime reduction had previously been solely with the police.

The Council is working with the police and other agencies, which include County and local Councils, fire service, probation service, health service and the voluntary sector, to make the community an even safer place to be.

These partners make up the South Devon and Dartmoor Community Safety Partnership, which includes Teignbridge and West Devon, and is working to deliver solutions to reduce crime, fear of crime and anti-social behaviour. (Source: the Council's website).

A routine internal audit is planned for Community Safety in 2014/15.

### **3.6 Pannier Markets**

The Chief Internal Auditor confirmed with the Car Parks Operations Manager that the Council does not provide the stalls for the pannier market participants to rent and therefore has no responsibility for their setting up or taking down.

### **3.7 Wembury Marine Centre**

Wembury Marine Centre was constructed by South Hams District Council and opened in 1994. Its operation and management are

governed by a formal partnership agreement and lease. There are two elements to this:

1. Under the terms of the agreement, the building maintenance and running costs (electricity, rates, phone, alarm, repairs etc) are shared equally by 4 organisations – South Hams Council, Devon County Council, National Trust and Devon Wildlife Trust. The budget is held by South Hams. This year, each organisation is contributing £1250 as its share of the total building running costs of £5,000.
2. The budget for staffing costs is held by Devon Wildlife Trust, which employs the education officer on behalf of the partnership. Under the terms of the agreement, the staffing costs are shared by South Hams Council, Devon County Council and Devon Wildlife Trust, with additional contributions from Plymouth University, South West Water and Wembury Parish Council. The SHDC budgeted contribution is £8,700 (reduced from £11,700 in the 11/12 budget) of which £5,275 is towards staff costs total costs of some £35,000.

The Wembury agreements are open ended. The only way they can be altered or terminated is by joint agreement of the parties.

This summer season, the Centre has received some 18,000 visitors and run educational activities and events involving 4,000 people. The work of the education officer has been augmented by a team of four full-time volunteers during the season, supported by a wider group of up to 20 local occasional volunteers.

The Council is represented on the Partnership group by the AONB Manager, who is able to answer any further enquiries.

#### **4. LEGAL IMPLICATIONS**

- 4.1 Statutory Powers: **Accounts and Audit Regulations 2011**

#### **5. FINANCIAL IMPLICATIONS**

- 5.1 None, within existing budgets.

#### **6. RISK MANAGEMENT**

- 6.1 The risk management implications follow this table:

<b>Corporate priorities engaged:</b>	All/Corporate
<b>Statutory powers:</b>	Accounts and Audit Regulations 2011
<b>Considerations of equality and human rights:</b>	No specific equality and human rights issues arising from this report.
<b>Biodiversity considerations:</b>	There are no specific biodiversity issues arising from this report.
<b>Sustainability considerations:</b>	There are no specific sustainability issues arising from this report.

<b>Crime and disorder implications:</b>	No specific crime and disorder issues arising from this report.
<b>Background papers:</b>	CIPFA Local Government Application Note for the united Kingdom Public Sector internal Audit Standards 2013; CIPFA Code of Practice for Internal Audit in Local Government 2006; SHDC 5-year Audit Plan 2010/11 to 2014/15.
<b>Appendices attached:</b>	<b>Appendix A:</b> Audit Plan 2013/14 – Progress to 30th November 2013 <b>Appendix B:</b> Planned Audit 2013/14 – Summary of Results <b>Appendix C:</b> Unplanned Audit 2013/14 – Summary of Results



### STRATEGIC RISKS TEMPLATE

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
1	Opportunity to Make the Best Use of Scarce Audit Resource	Audit work completed in line with the audit plan and to the required quality standards will ensure that the external auditor gains assurance from the work of internal audit. The result is no additional charges being requested to carry out the audits required to allow him/her to issue the certificate and opinion on the Council's accounts, including for the Annual Governance Statement.	-	-	-	↔	A risk based audit plan directs scarce audit resources towards areas of high risk to the Council.	Chief Internal Auditor
2	Inappropriate Use of Scarce Audit Resource	The directing of scarce audit resources away from areas of high risk may undermine the opinion provided to the Council by the Chief Internal Auditor on the System of Internal Control.	2	2	4	↔	Risk based audit plan, reviewed by senior managers and members, and updated as appropriate through the year.	Chief Internal Auditor

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
3	Links with External Audit	The external auditor may gain no assurance from the work of internal audit, potentially resulting in requests for additional charges to carry out the audits required to allow him/her to issue the certificate and opinion on the Council's accounts, including for the Annual Governance Statement.	2	2	4	↔	Regular liaison with the external auditor.  Risk based audit plan, reviewed by senior managers and members, and updated as appropriate through the year.  Regular monitoring of progress by the S.151 Officer and the Audit Committee.	Chief Internal Auditor
4	Assurance for the Annual Governance Statement	The Council's Annual Governance Statement cannot be signed if Internal Audit fails to complete the work set out in the approved risk based audit plan due to unforeseen circumstances.	3	2	6	↔	Regular monitoring of performance by the S.151 Officer and the Audit Committee.  Audit approach adheres to the appropriate professional standards.  Closer links with our neighbouring Council's audit team will provide reasonable assurance that higher risk audits are covered each year without fail, should significant resource issue arise.	Chief Internal Auditor

Direction of travel symbols ↓ ↑ ↔

## Progress Against the 2013/14 Internal Audit Plan

## APPENDIX A

Projects Agreed in the Audit Plan	Planned Number of Days	Fieldwork Commenced	Draft Report	Management Comments Received	Finalised	Opinion (finalised reports only)				Comments
						Excellent	Good	Fair	Poor	
MAS & Budgetary Control	13	■								10% complete – budget setting only audited to date
Creditor Payments	11									
Payroll	10	■	■	■	■		■			Summary to Audit Committee - January 2014
Council Tax	14	■								40% completed.
Business Rates (NDR)	12	■								33% completed.
Benefits	15									
Benefits Debtors	5	■								90% completed.
Debtors	10	■								80% completed.
Treasury Management	7	■	■							Draft report issued: 06.11.2013
Capital Expenditure	10									
<b>Fundamental Systems</b>	<b>107</b>									
Salcombe Harbour	10	■	■							Draft report issued: 11.11.2013
Dartmouth Lower Ferry	9	■	■							Draft report issued: 26.11.2013
Street Scene - Car and Boat Parking	9									
Private Sector Housing Renewal	8	■	■	■	■		■			Summary to Audit Committee - January 2014
Data Quality & Performance Indicators	5	■	■							Draft report issued: 29.10.2013
Use of Email & Internet	10	■	■	■	■		■			Summary to Audit Committee - January 2014
Computer Audit	26									
Grants - RDPE Rural Community LAGs – Accountable Body	50	42 days used	-	-	-	-	-	-	-	84 - Project claims audited; plus 22 - Management & Admin invoices.

Progress Against the 2013/14 Internal Audit Plan

APPENDIX A

Projects Agreed in the Audit Plan	Planned Number of Days	Fieldwork Commenced	Draft Report	Management Comments Received	Finalised	Opinion (finalised reports only)				Comments
						Excellent	Good	Fair	Poor	
Coastal Communities Fund – Accountable Body	-	3.7 days used	-	-	-	-	-	-	-	Minute reference E.28/12 refers
Follow Up of Previous Year's Audits	6	3.9 days used	-	-	-	-	-	-	-	
Contingency (Unplanned)	55	43 days used	-	-	-	-	-	-	-	See Appendix C
Corporate Governance	8									
Exemptions to Contract or Financial Procedure Rules	5	2.4 days used	-	-	-	-	-	-	-	11 Exemption applications received and processed April to November 2013, of which 10 accepted.
System of Internal Control (SIC) & Annual Governance Statement (AGS)	6	■	■	■	■	-	-	-	-	Report to the July and September 2013 Audit Committees for recommendation to Council of Annual Governance Statement. Approved and published.
Risk Management / Business Continuity	5	■								50% completed.
West Devon Borough Council	105	■	-	-	-	-	-	-	-	Separate report to WDBC Audit Committee.
<b>Other Essential</b>	<b>317</b>									
Beach and Water Safety	4	■	■	■	■		■			Summary to Audit Committee - September 2013
Countryside Recreation and Management	5	■	■	■	■		■			Summary to Audit Committee - January 2014
Outdoor Sports and Recreation	8	■	■	■	■		■			Summary to Audit Committee - January 2014
Emergency Planning and Business Continuity	8	■	■	■	■		EP ■	BC ■		Summary to Audit Committee - January 2014
Food Safety	8	■	■	■	■		■			Summary to Audit Committee - January 2014
Licensing	8	■	■	■	■		■			Summary to Audit Committee - September 2013
Pollution Reduction	8	■	■	■	■		■			Summary to Audit Committee - September 2013
<i>Allocation of HQ Costs</i>	<i>4 - 4</i>	<i>X</i>	<i>X</i>	<i>X</i>	<i>X</i>	<i>X</i>	<i>X</i>	<i>X</i>	<i>X</i>	<i>Suspended in favour of Leisure Management.</i>
<i>Council Tax Collection</i>	<i>5 - 5</i>	<i>X</i>	<i>X</i>	<i>X</i>	<i>X</i>	<i>X</i>	<i>X</i>	<i>X</i>	<i>X</i>	<i>Suspended in favour of Leisure Management.</i>
Leisure Contract (Management of)	9	■	■	■	■		■			Summary to Audit Committee - January 2014

## Progress Against the 2013/14 Internal Audit Plan

## APPENDIX A

Projects Agreed in the Audit Plan	Planned Number of Days	Fieldwork Commenced	Draft Report	Management Comments Received	Finalised	Opinion (finalised reports only)				Comments
						Excellent	Good	Fair	Poor	
Planning Policy including S.106 Agreements	8	■	■	■	■			■		Summary to Audit Committee - January 2014
Community Development including Grants and Loans	8	■	■	■	■		■			Summary to Audit Committee - September 2013
Advice to RM/ Information Compliance/Other Groups	3	1.3 days used	-	-	-	-	-	-	-	
Contract Management	6	■	■	■	■			■		Summary to Audit Committee - September 2013
Freedom of Information and Data Protection	8	■	■	■	■		FOI ■	DP ■		Summary to Audit Committee - January 2014
Partnership Management	8	■	■	■	■			■		Summary to Audit Committee - September 2013
Safeguarding Children	5	■	■	■	■		■			Summary to Audit Committee - January 2014
Shared Services	5	■	■	■	■		■			Summary to Audit Committee - September 2013
Use of Agency Staff	5	■	■	■	■			■		Summary to Audit Committee - January 2014
Counter Fraud Work	10	■	■							Draft report issued: 23.09.2013
<b>Other</b>	<b>124</b>									
Audit Administration	20	14.7 days used	-	-	-	-	-	-	-	
Audit Management, including Audit Planning	20	11 days used	-	-	-	-	-	-	-	
Audit Monitoring against the Plan, including Reports to Management and Audit Committee.	15	10 days used	-	-	-	-	-	-	-	
Training	15	2.25 days used	-	-	-	-	-	-	-	
Miscellaneous e.g. Financial Regulations etc.	5	0 days used	-	-	-	-	-	-	-	
<b>Other</b>	<b>75</b>									
<b>Overall Total</b>	<b>620</b>									

## Planned Audit 2013/14 – Final Reports Issued

The following tables provide a summary of the **audit opinion** and main issues raised in the reports issued to managers. **In all cases (unless stated) an action plan has been agreed to address these issues.**

### Opinion Definitions

#### **Excellent**

The areas reviewed were found to be well controlled; internal controls are in place and operating effectively. Risks against the achievement of objectives are well managed.

#### **Good**

The majority of the areas reviewed were found to be adequately controlled. Generally risks are well managed but a few areas for improvement have been identified.

#### **Fair**

There is a control framework in place, but some of the areas reviewed were not found to be adequately controlled. In these areas risks are not well managed and require controls to be strengthened to ensure the achievement of system objectives.

#### **Poor**

Controls are seriously lacking or ineffective in their operation. No assurance can be given that the system's objectives will be achieved.

## Planned Audit 2013/14 – Final Reports Issued

### September 2013 Audit Committee

**Beach and Water Safety** Issued 30<sup>th</sup> May 2013 **Good**  
**Building Control (Follow Up of 2012/13)** Issued 16<sup>th</sup> July 2013 **Unchanged at Good.**  
**Partnership Management** Issued 6<sup>th</sup> June 2013 **Fair**  
**Shared Service Recharges** Issued 17<sup>th</sup> July 2013 **Good**  
**Pollution Reduction** Issued 17<sup>th</sup> July 2013 **Good**  
**Community Grants and Loans** Issued 18<sup>th</sup> July 2013 **Good**  
**Sherford (Follow Up of 2012/13)** Issued 25<sup>th</sup> July 2013 **Unchanged at Good.**  
**Purchase Cards (Unplanned)** Issued 25<sup>th</sup> July 2013  
**Licensing** Issued 31<sup>st</sup> July 2013 **Good**  
**Contract Management** Issued 8<sup>th</sup> August 2013 **Fair**

Subject	Audit Findings	Management Response
<b>Emergency Planning and Business Continuity Planning</b> Issued 12.08.2013	<b>Emergency Planning - Good</b> <b>Business Continuity - Fair</b> We have concluded that the Council is meeting its statutory duty under the Civil Contingencies Act 2004. Areas identified to further improve the Council's preparedness include: <ul style="list-style-type: none"> <li>• The Council's Major Emergency Procedures document is now out of date in terms of some key officers and contact details;</li> <li>• There should be a formal mechanism for ensuring that the Council's Business Continuity Plan, either at a corporate level or at a service level, is reviewed annually and includes new risks as they are identified;</li> <li>• Consideration should be given to requesting the Council's insurers to once again take part in the planned table top exercise to test the Business Continuity Plan (BCP); and</li> <li>• The Business Continuity arrangements for ICT provision should be reviewed in the light of the recent disruption caused by a power cut, as well as individual services reviewing what procedures could be put in place in the event of the computer network not being available.</li> </ul>	<p>The initial section of the Major Emergencies Response Guide (Action on receipt of a major emergency call) is being reviewed to ensure that key information, such as contact details, is up to date.</p> <p>Agreed</p> <p>It is intended to carry out an exercise in early 2014 and is appropriate to ask the insurers to run the exercise, allowing SHDC staff to take part, rather than to be managing it.</p> <p>The ICT BCP is reliant on the receipt of individual service BCPs, and the outcome of the Asset Strategy review and T18. Services are to state how long they could deliver essential services without any IT.</p>

## Planned Audit 2013/14 – Final Reports Issued (continued)

Subject	Audit Findings	Management Response
<p><b>Use of Agency Staff</b>            Issued 16.08.2013            Joint report West Devon Borough Council (WDBC)</p>	<p><b>Fair</b>            An audit opinion of Fair has been given because, although there are procedures in place to manage the recruitment of agency staff these are sometimes not followed by services. Similarly all payments to staffing agencies should be supported by an audit trail of hourly rates etc but these are not always in place. Members at both WDBC and SHDC requested information on the costs of using agency staff during 2012/13. In response reports were taken to the Corporate Priorities &amp; Resources Committee on 4th October 2012 (SHDC) and the Overview &amp; Scrutiny Committee on 15th January 2013 (WDBC). The reasons for the increase in the number of agency staff currently being engaged appear to be justified in the short to medium term, but is not normally the most effective solution in the long term where skilled or professional staff are required. For other services, it continues to provide a cost effective means of covering short-term absences and for the T18 project, utilising agency staffing arrangements to cover vacancies even in the longer term will also be a more cost effective approach than permanently filling posts.</p>	<p>Annual reports are being taken to members as requested, with a report going to SHDC Corporate Performance &amp; Resources Scrutiny Panel on 03/10/2013 and to WDBC Overview &amp; Scrutiny Committee on 29/10/2013. As a new agency staff contract is to be signed imminently then it is appropriate to draw up and publish some revised vetting principles for recruiting agency staff. The vetting principles will cover all stages of the process from where and how to obtain approval for engagement to payment of invoices and will address the issues raised in the audit report. The new vetting principles will be brought to member's attention in the above monitoring reports of and then will be brought to the attention of Heads of Service and Middle Managers.</p>
<p><b>Use of Internet and Email</b>            Issued 06.09.2013            Joint report West Devon Borough Council (WDBC)</p>	<p><b>Good</b>            We are pleased to be able to report that the majority of internet access is conducted within the guidelines adopted by the Council. The Councils' have provided ICT Policies and Acceptable Use Agreements for users accessing computer systems, including the internet and email, but there are small anomalies between the two authorities' documents that may impact on control and enforcement of these policies. Audit examination of the use of emails confirmed that the email content was not deemed to be inappropriate and no further action was required.</p>	<p>Although the two policies are satisfactory there is a need to align the guidance. Some work has been undertaken and we expect this to be completed in early 2014, subject to other service requirements.</p>



## Planned Audit 2013/14 – Final Reports Issued (continued)

Subject	Audit Findings	Management Response
<p><b>Food Safety</b> Issued 30.08.2013</p>	<p><b>Good</b> The Food Safety service is delivered by experienced staff, with appropriate procedures and policies in place, based on the Food Standards Agency's 'Framework Agreement on Local Food and Food Controls by Local Authorities' and associated Codes of Practice. We are aware that the Council's Food Safety service is generally considered as being well run when reviewed by external professional bodies such as the FSA, but this opinion could be at risk if the requirements of the FSA Codes of Practice are not being met and best practice cannot be consistently demonstrated. Our testing demonstrated that the majority of expected controls are in place. Officers carry out inspections, undertake enforcement where required, deliver a food sampling programme and are also able to offer advice, either as part of an intervention, or more informally through seminars etc. However the service is at risk of failing to meet the FSA Codes of Practice in some areas, principally due to limited staff resource as food premises inspections are often not being completed within the required timeframe, most significantly including those premises rated as high risk (Category A or B). The DEHO (Commercial) and the Head of Service are currently developing a suite of performance indicators for use in monitoring the quality and effectiveness of the service, which we would support.</p>	<p>A review is currently being undertaken of priorities and how best to maximise professional resources by examining new ways of working. This will form part of the forthcoming service review and T18 project. In the meantime an overview is to be kept on the situation and use of a contractor will be considered for backfilling to ensure that staff have capacity to undertake statutory inspections.</p> <p>These are currently being developed</p>
<p><b>Countryside Recreation and Management</b> Issued 26.09.2013</p>	<p><b>Good</b> One recommendation only made relating to the quality of completion of a small number of travel claims charged to this budget.</p>	<p>The issues are noted and officers will be informed to ensure that travel claims are completed fully and accurately in future.</p>

## Planned Audit 2013/14 – Final Reports Issued (continued)

Subject	Audit Findings	Management Response
<p><b>Outdoor Sports and Recreation</b> Issued 26.09.2013</p>	<p><b>Good</b> A number of improvements have been put into place following our previous audit reports. However, there are still some areas where further actions can be taken to strengthen controls:</p> <ul style="list-style-type: none"> <li>• The Council does not appear to have a formal agreement with the tenant of a Park for the collection of income and management of its facilities;</li> <li>• The formalisation of agreements over management of the play areas within the district has been completed, although a couple of agreements need to be finalised, along with the organisations' monetary contributions; and</li> <li>• Negotiations have taken place over the change in management arrangements for a two bowling clubs - one agreement is near completion, although action is still needed on the other.</li> </ul>	<p>We will complete a supplementary agreement regarding the management of the park.</p> <p>We will review the agreements and ensure that a Heads of Agreement is in place for all organisations by the end of the financial year, to include the true costs of maintaining these sites, and reflect this in a report to members for their consideration.</p> <p>One lease is now with the Legal team and should be completed shortly. The completion of the lease for the other club has had more difficulties and we will need to look at the future options for this site.</p>

## Planned Audit 2013/14 – Final Reports Issued (continued)

Subject	Audit Findings	Management Response
<p><b>Planning Policy including S.106 Agreements</b> Issued 21.10.2013</p>	<p><b>Fair</b> Procedures are in place to record S106 monies due and to monitor their use, but these are not always being followed and for some parts of the process alternative systems have been developed;</p> <ul style="list-style-type: none"> <li>• Several officers across different services are responsible for updating various elements of the S106 register, but this is not always done, thus the central record remains incomplete.</li> <li>• The Affordable Housing and Natural Environment &amp; Recreation teams no longer input data to the central S106 register, but instead each maintain their own separate registers;</li> <li>• Whilst the Business Support Manager is responsible for monitoring financial triggers across all schemes, there appears to be some misunderstanding about which officers are responsible for monitoring non-financial covenants to be delivered by developers, e.g. setting up a management company, completing landscaping works etc.; and</li> <li>• There is no regular reporting to members on the receipt and use of S106 monies, other than obtaining approval for release of monies in line with Financial Procedure Rules.</li> </ul> <p>In our review of a sample of S106 agreements we noted the following issues:</p> <ul style="list-style-type: none"> <li>• Standard agreement templates are not always being used;</li> <li>• One agreement did not include a monitoring fee payable by the developer, where inclusion would be expected;</li> <li>• There is no record of the calculation of interest due where this is payable against a late payment by the developer; and</li> <li>• In one case the developer did not appear to have been asked to pay the Council's legal fee usually charged when drawing up a S106 agreement.</li> </ul>	<p>There is a need to review procedures for S106 Agreements within Planning in conjunction with what other services might contribute. A meeting will be held with key officers (Affordable Housing Officer, Natural Environment &amp; Recreation Manager, Finance etc) to discuss who should be responsible for what parts of the process with the aim of completely reviewing procedures. If SmartSheet can be used to manage the S106 Register this would assist as multiple officers can have input and an audit trail is maintained. At the above meeting membership of the S106 Officer Group will be discussed with a view to it re-commencing.</p> <p>In order not to duplicate work, members will be directed to the information which it is planned to publish on the Council's website</p> <p>Work is in progress to complete the review of the S106 agreement template.</p> <p>A copy of the indexation calculation is now included in letters or with invoices to developers requesting payment of overdue S106 monies. Procedures have been reviewed. Legal fees must now be paid prior to a contract being signed and sealed. The Business Support team manage this process.</p>

## Planned Audit 2013/14 – Final Reports Issued (continued)

Subject	Audit Findings	Management Response
<p><b>Data Protection &amp; Freedom of Information</b>            Issued 23.10.2013            Linked to a 'follow up' audit at WDBC.</p>	<p><b>Fair - Data Protection</b>  <b>Good – Freedom of Information</b>            The opinions confirm that the Council's response to the legislation is positive, but there are areas where controls would benefit from update:  <b>Matters Relating to Both Data Protection and Freedom of Information</b>            An Information Access Policy to be drafted as a shared document with WDBC and presented to members for approval.  <b>Data Protection</b>            The Monitoring Officer, who currently acts as the Data Protection Officer in what was intended to be a temporary arrangement, advised us that there has been insufficient staff resource within Legal services to carry out a number of the recommendations made in the 2010/11 audit report.            The appropriate future management of Data Protection is part of on-going discussions between Legal services and the Head of ICT &amp; Customer Services.            In the meantime the Data Protection Officer intends to out-source the completion of some tasks, such as reviewing and updating Data Protection policies and procedures.  <b>Freedom of Information (FOI)</b>            A number of actions from the 2010/11 audit report remain outstanding due to limited staff resource, the most significant of which are:</p> <ul style="list-style-type: none"> <li>• Reviewing, updating and publicising the Council's FOI Policy and procedures, as shared documents with WDBC; and</li> <li>• Updating and publishing the Council's Publication Scheme.</li> </ul>	<p>Agreed, to be completed by the 31<sup>st</sup> March 2014.</p> <p>A consultant is to be engaged to review all Data Protection documentation and guidance, including the Policy and Codes of Practice which will be re-issued as joint documents.</p> <p>Agreed, to be completed by the 31<sup>st</sup> March 2014.</p> <p>Agreed, to be completed by the 30<sup>th</sup> June 2014.</p>

## Planned Audit 2013/14 – Final Reports Issued (continued)

Subject	Audit Findings	Management Response
<p><b>Private Sector Housing Renewal</b>            Issued 29.10.2013            Joint report West Devon Borough Council (WDBC)</p>	<p><b>Good</b>            Work is more or less complete in aligning processes and procedures for managing and administering mandatory and discretionary grants and loans across WDBC and SHDC. Both authorities now operate to the same model whereby the Business Support Unit administers the grants and loans on a day to day basis, with the Environmental Health Officers providing professional support.            There are only a small number of areas where differences now remain, but it may be beneficial to consider aligning these for ease of management and also because where there are differences it may be that one authority has a stronger control in place than the other.            For example, at SHDC Land Charges are required to provide written confirmation that they have placed a charge on a property as requested by the Business Support Unit, whilst at WDBC such confirmation is not sought nor received.            The sections continue to review opportunities to work more efficiently whilst still delivering a high quality service to customers.            Our testing found that controls over the evaluation and payments of Disabled Facilities Grants and discretionary Private Sector Housing Renewal grants and loans are working satisfactorily, with an anti-fraud emphasis.            There was no evidence of fraudulent grant applications within the sample reviewed.            The level of completion, accuracy and review of files remains generally satisfactory, although we did identify a number of minor administrative errors at both authorities where, for example, evidence of controls were not held on the computer software.</p>	<p>This procedure is to be reviewed for the best approach and brought into line across the two authorities.</p> <p>Action plan agreed.</p>

## Planned Audit 2013/14 – Final Reports Issued (continued)

Subject	Audit Findings	Management Response
<p><b>Leisure Contract (Management of)</b> Issued 08.11.2013</p>	<p><b>Good</b> Many of the issues raised in our previous audits have been dealt with and cleared e.g. Performance and Pension Bonds are now in place albeit the latter is due for renewal on 14th March 2014. However, there are several ongoing issues that are included in the detailed appendices to the report, the most significant of which are:</p> <ul style="list-style-type: none"> <li>• The lack of a 'Dual Use' agreement for one Centre has resulted in amounts due to the Council remaining unpaid. Neither the school involved nor Devon County Council accepts liability for the education use of the facility, based mainly around the method of calculation of the recharge. Both have been invoiced. Officers feel that a stalemate has been reached and need to look to senior managers and politicians to consider the options available;</li> <li>• The Council's 1990 agreement for the joint operation of a sports and fitness centre and swimming pool with a local charity, at Totnes Pavilion is out dated. Work on a new agreement is ongoing by all relevant parties to improve this position; and</li> <li>• Officers have started to consider the work required in bringing the current contract towards its conclusion (December 2016), including a guide by the Contracts Solicitor on what is required by the contract in the lead of to its end. We recommend early dialogue with the parties involved in some areas;</li> </ul> <p>Linked to this, and at the request of the Risk Management Group, we have produced a list of lessons learned from this contract to feed the process for future contracts and therefore suggest its presentation to the Strategic Leisure Review Member/Officer Group.</p>	<p>The Natural Environment and Recreation Manager (RK) will take a report to the Senior Management Team (SMT) setting out the issues and options. SMT will also be asked to consider future arrangements for the Leisure Centre, post current management contract, in respect of the school and its use and role.</p> <p>No expenditure will be incurred by the Council towards access software until a supplementary agreement is signed by the charity. However, it is thought that the charity is currently changing its legal status and the Natural Environment and Recreation Manager will discuss the legal implications for the Council with the Contracts Solicitor.</p> <p>Agreed, it would be beneficial for the document to be combined with the list of lessons learned (following paragraph) ahead of the dialogue with the parties involved.</p> <p>Agreed, the combined document can then be used as a 'travelling draft', version controlled, for other officers to contribute to.</p>

## Planned Audit 2013/14 – Final Reports Issued (continued)

Subject	Audit Findings	Management Response
<p><b>Safeguarding Children</b>            Issued 25.11.2013            Joint report West Devon Borough Council (WDBC)</p>	<p><b>Good</b>            We have recognised that, in the majority of cases, action has been undertaken by officers to identify and to progress issues identified under the Local Safeguarding Children Boards self evaluation tool.            There were a number of issues identified during the audit that will improve the controls over the safeguarding objectives.</p> <ul style="list-style-type: none"> <li>• The Councils need to raise the profile of safeguarding and include general and specific training for staff and members and the use of a central register; and</li> <li>• We have raised a general reminder to ensure that the Councils include safeguarding as part of its involvement with external service providers.</li> </ul>	<p>We are currently reviewing the files and records held.</p> <p>As identified safeguarding is included in the main procurement process, but only for large contracts. Plans are in place for us to review;</p> <ul style="list-style-type: none"> <li>• Court and council appointed bailiffs and how the Protection from Harassment Act applies;</li> <li>• Safeguarding awareness for temporary contract staff;</li> <li>• Requirements for short term and low value contracts; and</li> <li>• Liaise with legal regarding tendering for contracts and the ongoing review of safeguarding policies and procedures and other contractual obligations with contractors.</li> </ul>

## Planned Audit 2013/14 – Final Reports Issued (continued)

Subject	Audit Findings	Management Response
<p><b>Payroll</b> Issued 27.11.2013 Joint report West Devon Borough Council (WDBC)</p>	<p><b>Good</b> The Payroll section is able to meet its objectives in providing accurate payments to staff in a timely manner. There were a number of issues identified during the audit that will improve the controls over the operation of the service.</p> <p><b>Joint</b> - The key issues identified included:</p> <ul style="list-style-type: none"> <li>• Heads of Service are not required to confirm the accuracy of the Establishment in relation to their service;</li>   <li>• We noted that a small number of changes to the payroll (e.g. overtime sheets, leavers' forms and deductions) had been authorised by an officer who was not formally approved to do so but who was the appropriate person to do it.</li> </ul> <p><b>SHDC</b> - The key issues identified included:</p> <ul style="list-style-type: none"> <li>• Regular checks are not made of driving licence and insurance documents for those officers who drive their own vehicles on behalf of the Council. The Council may be at risk of a financial penalty or an insurance claim should an incident occur involving an employee and it cannot be demonstrated that appropriate checks were made.</li> </ul>	<p>Agreed in principle. However it is felt that not all Heads of Service, particularly those of larger services, would necessarily be aware of what grade and hours all their staff should be on. The regular meetings between Heads of Service and their Finance Buddies to review budgets, as well as the regular reconciliation of the Establishment to the budget, carried out jointly by the Personnel Officer (Resourcing) and the Accountant (SW), are felt to provide more meaningful checks of the accuracy of payroll bills and the establishment. Authorised signatories are to undergo the normal annual review shortly when the position of the officer involved will be re-considered.</p> <p>The Health &amp; Safety Officer, in liaison with HR Manager, will consider the best means of introducing checks of appropriate documentation (driving licences and insurance) of those staff driving their own vehicles on behalf of the organisation and arrange for these to be implemented.</p>



## Planned Audit 2013/14 – Work Complete (No Audit Report)

Subject	Comments
Exemptions to Financial Procedure Rules	See table at Appendix A.
RDPE Rural Communities – LAGs and Coastal Communities Fund	See table at Appendix A, SHDC is the 'accountable body'. Auditing in line with the approach required by the funding body.
System of Internal Control (SIC), and Annual Governance Statement (AGS)	A report setting out the work done to enable the AGS to be completed in line with the CIPFA/SOLACE guidance was presented to the July 2013 Audit Committee. The Committee recommended approval of the AGS to the Council. The AGS was published in September 2013, following an update to the Statement at the September 2013 Audit Committee agenda.

## Planned Audit 2013/14 – Follow Up with 2013/14 Audits

### September 2013 Audit Committee

Beach and Water Safety 2008/09 - Mainly implemented.  
 Partnership Management 2011/12 and 2007/08 - Implemented.  
 Shared Services Recharges 2012/13 - Mainly implemented.  
 Pollution Reduction 2008/09 - Implemented.  
 Community Grants and Loans 2008/09 - Mainly implemented.  
 Licensing 2009/10 - Implemented.

### January 2014 Audit Committee

Subject	Comments
Payroll – 2012/13	Mainly implemented. With the exception of the checking of driving licence and insurance documents for those officers who drive their own vehicles on behalf of the Council, outstanding recommendations not actioned were outside of the control of the team.
Private Sector Housing Renewal – 2012/13	Implemented
Use of Email & Internet – 2012/13	Mainly implemented. 1/7 repeated relating to alignment of policies.
Countryside Recreation and Management – 2008/09	Implemented
Outdoor Sports and Recreation – 2008/09	Implemented
Emergency Planning and Business Continuity – 2006/07	Mainly implemented. Similar issues raised in 2013/14 relating to the Business Continuity Plan.
Food Safety – 2006/07	Mainly implemented. Need for an up to date Food Safety Strategy and Annual Plan raised again in 2013/14.
Leisure Contract (Management) – 2001/12 and 2012/13 Follow Up	Mainly implemented. Outstanding issues relating to dual use agreements and Totnes Pavilion repeated.
Planning Policy including S.106 Agreements – 2009/10 and 2010/11 Follow Up	Mainly implemented. Two issues raised in 2013/14 that are similar to that previously identified.

## Planned Audit 2013/14 – Follow Up with 2013/14 Audits

Subject	Comments
Freedom of information and Data Protection – 2007/0	Mainly implemented. 15/32 recommendations repeated due to resource issues.

## Planned Audit 2013/14 – Follow Up of 2012/13 Audits

Subject	Comments
Main Accounting System and Budgetary Control	Memo sent 29/11/2013. Awaiting reply.
Main Accounting System and Budgetary Control	Memo sent 30/10/2013. Awaiting reply.
ICT Cost Effectiveness	Memo sent 30/10/2013. Awaiting reply.
Treasury Management	Reminder only sent. Followed up with annual audit November 2013.
Debtors	Reminder only sent. Followed up with annual audit November 2013.
Benefits	Reminder only sent. To be followed up with annual audit January 2014.
Council Tax	Reminder only sent. Followed up with annual audit November 2013.
Payroll	Reminder only sent. Followed up with annual audit October 2013.
Capital Receipts and Grants	Cleared
Salcombe Harbour	Reminder only sent. Followed up with annual audit October 2013.
Non Domestic Rates	Reminder only sent. Followed up with annual audit November 2013.
Insurance	Memo sent 19/06/2013. Awaiting reply. Meeting to be arranged.
Data Quality and Performance Indicators	Cleared ahead of annual audit.
Dartmouth Lower Ferry	Discussions 01/05/2013. Recommendations implemented other than the known issues with the ticketing system which cannot be addressed in the short term. Annual audit due September 2013.
Private Sector Housing Renewal	Memo sent 22/04/2013. One item outstanding addressed with the annual audit in August/September 2013.
Leisure Client (Follow Up)	Memo sent 22/04/2013. No reply received but audit brought into the 2013/14 plan in this report.
Building Maintenance	Recommendations implemented other than the known issues relating to the software which cannot be addressed in the short term.
Major Developments - Sherford	Updated and new report issued.
Building Control	Follow up with Teignbridge Internal Audit. New report issued with 3 revised implementation dates.
Use of Internet and Email	Followed up with annual audit.
Corporate Management Costs	Cleared.
Travel and Subsistence (Follow Up)	All but 2 recommendations cleared; these to be followed up with the 2013/14 Payroll audit.

## Unplanned Audit – 2013/14

### General

Description	Main Issues
<p>Minor enquiries and issues investigated, including some planned work, which by its nature does not require a report. Resourced from the <b>contingency</b> line of the audit plan.</p>	<ul style="list-style-type: none"> <li>• General procurement and disposal rules advice;</li> <li>• General ICT issues;</li> <li>• General Finance issues;</li> <li>• Document retention enquiries;</li> <li>• Additional individual internet and e-mail usage information as requested by managers;</li> <li>• Assistance to the external auditors on specific tests for the audit of the accounts;</li> <li>• Salcombe Harbour – advice and assistance;</li> <li>• Audit Commission fraud survey;</li> <li>• Contribution to update of report writing guidance;</li> <li>• Various housing processes;</li> <li>• Various street scene issues;</li> <li>• Audit Committee Scrutiny budget review;</li> <li>• Benefits payment run process;</li> <li>• Finance team service sharing;</li> <li>• T18 Transformation Programme – including Process mapping and Blueprinting;</li> <li>• Leisure Contract – Lessons Learned document</li> <li>• Assistance re HMRC inspection;</li> <li>• Numerous other minor control issues, advice on financial controls and procurement procedures given to service officers at all levels and contribution to various draft policies &amp; strategies.</li> </ul>