

NAME OF COMMITTEE	Audit Committee
DATE	3rd April 2014
REPORT TITLE	INTERNAL AUDIT – PROGRESS AGAINST THE 2013/14 PLAN
Report of	Chief Internal Auditor
WARDS AFFECTED	All/Corporate

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 28th February 2014, 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.

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1. BACKGROUND

- 1.1 The Terms of Reference (Charter) for Internal Audit were 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:

Audit	Plan Days 2013/14	Plan Days Update	Reason for Change
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
-	-	-7	As para 2.4 - Culmination of overspends below 3.5 days for finalised audits
Total	-	-7	Underspend to date

Resources and Skills

- 2.6 Sickness to the 28th February 2013 is 4 days (2012/13 equivalent 13 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)
- Audit Management Software demonstration

Senior Auditor:

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

Auditor:

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

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.
Audits at the 28th February 2014 at various stages of completion from 2013/14 audit plan and their 2012/13 equivalents.			
SHDC	95	92%	(81% at February 2013).
WDBC	95	87%	(81% at February 2013).
Combined plan	-	91%	(85% at February 2013).

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 including PSIAS external assessments; and
- Liaison over various corporate documents.

3. ISSUES from JANUARY 2014 AUDIT COMMITTEE

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

3.2 Grant Thornton Publications (Agenda Item 7)

Grant Thornton presented an update to the Committee, which included at agenda page 54 a list of material from their website that members may find useful.

The Chief Internal Auditor agreed to supply the Committee with the summaries from these reports. An e-mail has been sent to members with these documents and an invitation for members to request printed copies.

The Head of Finance & Audit agreed to provide members with answers to the questions posed on agenda pages 57 to 61.

3.3 Data Protection Officer (Agenda Item 9)

Members asked for an update on the temporary arrangement for the Data Protection Officer. The Monitoring Officer is still the Data Protection Officer. The intention for Legal and the Head of ICT and Customer Services to discuss the future management of data protection has been superseded by the T18 Transformation Programme. At this stage the Monitoring Officer is unclear where data protection will fit in the new model and will make the appropriate enquiries.

3.4 Travel Claim Certificate (Agenda Item 9)

A member asked if it was necessary to check the driving documentation of officers that use their private cars for Council business, given that they are required to sign a certificate on the travel claim confirming that the appropriate insurance etc. is in place. The Chief internal Auditor agreed to establish the legal position.

The Council's contract solicitor was of the view that if an employee was involved in an accident in their private vehicle while on Council business, a third party could bring a claim against the Council (vicarious liability) particularly if the employee was not insured.

The Insurance Officer confirmed that there was no cover within the Council motor insurance for any private vehicles on Council business and therefore the only likely claim that the Council could make would be Public Liability. An underwriter for the insurance company cast doubt over whether they would meet a claim for an insured driver in a private vehicle on Council business unless specific cover had been taken out.

The insurance view is that the Council owes a duty of care to its employees using private cars on Council business, which checking the driving documentation would satisfy. In addition, the Council is less likely to be liable if it is able to demonstrate a process of regular checking of

documentation. Internal Audit will continue to press for checking to be introduced and the Head of Finance and Audit will raise this at a Senior Management Team meeting.

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:

Corporate priorities engaged:	All/Corporate
Statutory powers:	Accounts and Audit Regulations 2011
Considerations of equality and human rights:	No specific equality and human rights issues arising from this report.
Biodiversity considerations:	There are no specific biodiversity issues arising from this report.
Sustainability considerations:	There are no specific sustainability issues arising from this report.
Crime and disorder implications:	No specific crime and disorder issues arising from this report.
Background papers:	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.
Appendices attached:	Appendix A: Audit Plan 2013/14 – Progress to 28th February 2014 Appendix B: Planned Audit 2013/14 – Summary of Results Appendix C: 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	■	■							Draft report issued: 22.01.2014
Creditor Payments	11	■	■							Draft report issued: 31.01.2014
Payroll	10	■	■	■	■		■			Summary to Audit Committee - January 2014
Council Tax	14	■	■	■	■		■			Summary to Audit Committee - April 2014
Business Rates (NDR)	12	■	■	■	■		■			Summary to Audit Committee - April 2014
Benefits	15	■	■							Draft report issued: 03.03.2014
Benefits Debtors	5	■	■				■			Summary to Audit Committee - April 2014
Debtors	10	■	■							Draft report issued: 18.12.2013
Treasury Management	7	■	■	■	■	■				Summary to Audit Committee - April 2014
Capital Expenditure	10	■	■							Draft report issued: 06.02.2014
Fundamental Systems	107									
Salcombe Harbour	10	■	■	■	■		■			Summary to Audit Committee - April 2014
Dartmouth Lower Ferry	9	■	■	■	■		■			Summary to Audit Committee - April 2014
Street Scene - Car and Boat Parking	9	■								94% completed.
Private Sector Housing Renewal	8	■	■	■	■		■			Summary to Audit Committee - January 2014
Data Quality & Performance Indicators	5	■	■	■	■		■			Summary to Audit Committee - April 2014
Use of Email & Internet	10	■	■	■	■		■			Summary to Audit Committee - January 2014
Computer Audit	26	■								See below: 17% completed.
Grants - RDPE Rural Community LAGs – Accountable Body	50	55.4 days used	-	-	-	-	-	-	-	125 - Project claims audited; plus 35 - 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	-	6 days used	-	-	-	-	-	-	-	Minute reference E.28/12 refers
Follow Up of Previous Year's Audits	6	4.6 days used	-	-	-	-	-	-	-	
Contingency (Unplanned)	55	54.9 days used	-	-	-	-	-	-	-	See Appendix C. Includes 12.6 days T18 work
Corporate Governance	8									
Exemptions to Contract or Financial Procedure Rules	5	4.7 days used	-	-	-	-	-	-	-	17 Exemption applications received and processed April to February 2014, of which 16 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	■	■							Draft report issued: 04.03.2014
West Devon Borough Council	105	-	-	-	-	-	-	-	-	Separate report to WDBC Audit Committee.
Other Essential	317									
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	1.5 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	■	■	■	■		■			Summary to Audit Committee - April 2014
Other	124									
Audit Administration	20	22 days used	-	-	-	-	-	-	-	
Audit Management, including Audit Planning	20	17 days used	-	-	-	-	-	-	-	
Audit Monitoring against the Plan, including Reports to Management and Audit Committee.	15	13 days used	-	-	-	-	-	-	-	
Training	15	3 days used	-	-	-	-	-	-	-	
Miscellaneous e.g. Financial Regulations etc.	5	0 days used	-	-	-	-	-	-	-	
Other	75									
Overall Total	620									

Progress Against the 2013/14 Internal Audit Plan

Computer Audit Plan 2013/14

Included above:											
Projects Agreed in the Audit Plan	Planned Number of Days	Fieldwork Commenced	Draft Report	Management Comments Received	Finalised	Opinion (finalised reports only)				Comments	
Installation & Healthcheck	7										
Security and Strategy	6										
E Commerce	6	■									
Other Reviews including Telecommunications Network	7	■									
Computer Audit	26										17% completed.

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.

September 2013 Audit Committee

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

Planned Audit 2013/14 – Final Reports Issued

January 2014 Audit Committee

Emergency Planning and Business Continuity Planning Issued 12.08.2013 **Emergency Planning – Good: Business Continuity – Fair**
Use of Agency Staff Issued 16.08.2013 **Fair**
Use of Internet and Email Issued 06.09.2013 **Good**
Food Safety Issued 30.08.2013 **Good**
Countryside Recreation and Management Issued 26.09.2013 **Good**
Outdoor Sports and Recreation Issued 26.09.2013 **Good**
Planning Policy including S.106 Agreements Issued 21.10.2013 **Fair**
Data Protection & Freedom of Information Issued 23.10.2013 - **Data Protection - Fair; Freedom of Information - Good**
Private Sector Housing Renewal Issued 29.10.2013 **Good**
Leisure Contract (Management of) Issued 08.11.2013 **Good**
Safeguarding Children Issued 25.11.2013 **Good**
Payroll Issued 27.11.2013 **Good**

April 2014 Audit Committee

Subject	Audit Findings	Management Response
Treasury Management Issued 09.12.2013	Excellent Three minor issues reported.	Action plan agreed.
Counter Fraud Work Issued 06.01.2014	Good We reported further details of the counter fraud work in the Audit Commission checklist 'Protecting the Public Purse 2013', which appears on the agenda of this Audit Committee (April 2014). A small number of recommendations were made to the relevant managers.	Action plan agreed.

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

Subject	Audit Findings	Management Response
<p>Salcombe Harbour Issued 03.12.2013</p>	<p>Good The harbour encompasses a variety of systems and processes and its officers complete these to a noteworthy standard. We have raised some issues, the most significant areas are as follows:</p> <ul style="list-style-type: none"> • The Harbour System software is being updated and there are a number of issues that if included by the software supplier will improve control as well as efficiency; • We have identified some issues relating to the e-harbour system regarding the loss of access to harbour system data, improving reporting and control of refunds; and • Improvements on the store spreadsheets, including ensuring that the closing stock values are correctly calculated and that the value of stock and assets are reported to the Council's Insurance Officer. 	<p>We are aware of the issues and these have been passed onto the software supplier. It is not envisaged that some of the issues will be addressed with the new harbour system, although this may not be all issues. If not all issues are resolved we will continue to discuss this with the software supplier and raise at any future user group meetings. Some issues have now been cleared on the current harbour system. The spreadsheet has now been updated with the changes required.</p>
<p>Data Quality and Performance Indicators Issued 17.12.2013</p>	<p>Good We were able to confirm that the method of collection for indicators remains consistent, although there are still some areas where actions are required:</p> <ul style="list-style-type: none"> • The Council's Data Quality Assurance Strategy requires review and update, although management have confirmed action is planned by the end of 2013. • Although the Council's have agreed to stop the recording of some indicators there are still calls by some government departments for these to be completed 	<p>An updated strategy has been drafted and approved by Senior Management Team (SMT) as reported to the January Committee. Action plans agreed for a small number of the individual performance indicators.</p>

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

Subject	Audit Findings	Management Response
<p>Dartmouth Ferry Issued 19.12.2013</p>	<p>Good The majority of the recommendations made in last year's internal audit report have been implemented, and controls have improved in many areas but some weaknesses remain in spite of the best efforts of the Ferry managers and staff:</p> <ul style="list-style-type: none"> • The aging hardware continues to present technical difficulties, which result in repair costs and a risk of future failure or loss of the system; and • The software is reliant on manual input, it provides limited individual crossing data and operational reports which undermines the effectiveness of operational data available from the system and is potentially unable to cope with future demands on the service. 	<p>A business case has been submitted to and accepted by ICT and approved by the SMT and the Executive. An order has been placed with the supplier with expected delivery in April 2014. The new software uses wireless technology and 'tagging' (electronic tickets) systems to reduce the processing of paper concession tickets being taken as vehicles and passengers use the service.</p>
<p>Council Tax Issued 12.02.2014</p>	<p>Good We have given the audit opinion of Good in acknowledgement of the fact that most items in last year's audit reports have been implemented and also that many of the SHDC and WDBC procedures are now aligned.</p> <ul style="list-style-type: none"> • Limited separation of duties; • Access rights were not up to date with several leavers and officers moving within the Councils still having access to the revenues system; and • The need to consider procedures for the timely and efficient review of accounts in credit and the raising of refunds. 	<p>See NDR (Business Rates) below. It has been agreed that ICT will now remove leavers. Revenues and Benefits are each to independently make regularly reviews of access rights to their part of the system. New procedures have been emailed to staff in Customer Services and Revenues which should improve the efficiency with which credit balances are processed. In addition, checks have been made on credits as part of the 2014/15 billing runs.</p>

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

Subject	Audit Findings	Management Response
<p>NDR (Business Rates) Issued 26.02.2014</p>	<p>Good</p> <p>We have given the audit opinion of Good in acknowledgement of the fact that most items in last year's audit reports have been implemented and also that many of the SHDC and WDBC procedures are now aligned.</p> <p>The main issues raised include:</p> <ul style="list-style-type: none"> • The risks to the Business Rates Pool membership of significant valuation changes to large liability business properties; • Limited separation of duties and the need to consider procedures for the timely and efficient review of long term suppressions, cash transfers and accounts in credit; and • Reviewing, updating and aligning policies and procedures for the granting of discretionary reliefs and for recovery and enforcement. 	<p>The Valuation Office has provided a list of outstanding appeals for both Councils. These have been taken account of when completing the government return NDR1 for 2014/15 (section relating to back dated appeals).</p> <p>The current size of the team does not offer any scope for further separation of duties. However under T18 there may be more opportunities if responsibilities are devolved to other teams.</p> <p>We will try to ensure that we carry out as much monitoring as resources allow, which will include specific areas that confirm the consistency and quality of customer service, as well as cash transfers between accounts and suppressions.</p> <p>Indeed the review of cash transfers between accounts is now up to date.</p> <p>The discretionary rate relief review has commenced with the application form for South Hams now including an end date as West Devon's form does. The intention is to continue with a review of mandatory reliefs in 2014/15.</p> <p>The Revenues Manager will discuss future changes with the Chief Revenue Accountant with a view to moving towards a single process.</p>

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

Subject	Audit Findings	Management Response
<p>Housing Benefits Debtors Issued 27.02.2014</p>	<p>Good</p> <p>We have recognised that, in the majority of cases, action has been undertaken by officers to identify and to recover housing benefit debt.</p> <p>The main issue raised in the report was the growing level of combined benefit debt and management are reminded of the need to reduce the level of rising debt.</p> <p>There are a number of possible reasons why the level of debt has increased, for example;</p> <ul style="list-style-type: none"> • The circumstances of the individuals incurring the benefit related debt and their inability to pay; • Better identification of claims and overpayments; • Recovery of debt may be set at a limited or statutory rate; • Increased work pressure on Council staff involved in recovery; • Difficulty in locating and identifying the debtor; • Reluctance for the Council to write off debt; and • Incorrect identification and posting from benefit accounts. 	<p>We are aware of the issues surrounding the level of debt and are continuing to improve our methods of recovery.</p> <p>For the near future this is to include;</p> <ul style="list-style-type: none"> • Better working with the benefits team to identify and recover debt promptly; • Improving the resources of the recovery team; • Improved reports to identify types of debt and recovery; • Reporting and analysis of debt to the head of service and Strategic Management Team; and • Reviewing our process of writing off of aged or unrecoverable debt.

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

Payroll 2012/13 - Mainly implemented.
 Private Sector Housing Renewal 2012/13 – Mainly implemented
 Use of Email & Internet 2012/13 - Mainly implemented
 Countryside Recreation and Management 2008/09 - Implemented
 Outdoor Sports and Recreation 2008/09 - Implemented
 Emergency Planning and Business Continuity 2006/07 - Mainly implemented
 Food Safety 2006/07 - Mainly implemented
 Leisure Contract (Management) 2001/12 and 2012/13 Follow Up - Mainly implemented.
 Planning Policy/S.106 Agreements 2009/10 2010/11 Follow Up - Mainly implemented
 Freedom of information and Data Protection 2007/08 - Mainly implemented

April 2014 Audit Committee

Subject	Comments
Treasury Management – 2012/13	Issues repeated related to alignment of processes with West Devon and so not control weaknesses.
Council Tax – 2012/13	Mainly implemented. 5/17 repeated covering to separation of duties and related compensating controls.
Salcombe Harbour – 2012/13	Mainly implemented. 3/10 repeated but not significant.
Business Rates (NDR) – 2012/13	Mainly implemented. 8/23 repeated relating to separation of duties and process alignment.
Data Quality and PIs – 2012/13	Mainly implemented. Update of the Strategy being the most significant of the 5/20 repeated.

April 2014 Audit Committee

Subject	Comments
Dartmouth Lower Ferry – 2012/13	Mainly implemented. 3/11 repeated 2013/14 mainly relating to the risk relating to aging ticketing system.

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

Subject	Comments
Inventories	Memo sent February 2014.
Insurance	Memo sent February 2014.
Pannier Markets	Memo sent February 2014.
Schemes with Other Organisations	Memo sent February 2014.
Community Parks and Open spaces	Memo sent February 2014.
ICT Cost Effectiveness	Memo sent 30/10/2013. Reminder sent but to be followed up with annual computer audit.
Capital Receipts and Grants	Cleared
Insurance	Memo sent 19/06/2013. Awaiting reply. Reminder sent and meeting to be arranged.
Building Maintenance	Recommendations implemented other than the known issues relating to the software which cannot be addressed in the short term. Cleared
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.
Corporate Management Costs	Cleared
Land Charges	Cleared
Complaints System	Cleared
Print Room	Cleared

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 contingency line of the audit plan.</p>	<ul style="list-style-type: none"> • General procurement and disposal rules advice; • General ICT issues; • General Finance issues; • Document retention enquiries; • Additional individual internet and e-mail usage information as requested by managers; • Assistance to the external auditors on specific tests for the audit of the accounts; • Salcombe Harbour – advice and assistance; • Audit Commission fraud survey; • Contribution to update of report writing guidance; • Various Housing processes; • Various Street Scene issues; • Audit Committee Scrutiny budget review; • Benefits payment run process; • Finance team service sharing and other issues; • T18 Transformation Programme – including Process mapping and Blueprinting (12.6 days to be shared with West Devon); • Leisure Contract – Lessons Learned document • Dartmouth Ferry – advice re new system and other issues; • Audit Commission: Protecting the Public Purse 2013; • Fraud bulletins and monitoring of National Fraud Initiative; • Various Assets issues; • Assistance re HMRC inspection and advice re related issues; • 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 & strategies.