

Report to: **Audit and Governance Committee**  
Date: **23 July 2024**  
Title: **Annual Internal Audit Report for 2023-24**  
Portfolio Area: **Performance & Resources - Cllr C Edmonds**  
Wards Affected: **All**  
Urgent Decision: **N** Approval and clearance obtained: **Y**

Author: **Dominic Measures** Role: **Audit Manager**  
Contact: Dominic.measures@devon.gov.uk **01392 380493**  
Tony.d.Rose@devon.gov.uk **01392 383000**

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**RECOMMENDATION:**

**That the Committee NOTE the Internal Audit Report for 2023-24 and consider it when reviewing the Annual Governance Statement.**

## **1. Executive summary**

The purpose of this report is to provide members with the annual report summarising internal audit assurances provided during 2023-24 to inform the Annual Governance Statement.

## **2. Background**

The Audit and Governance Committee, under its Terms of Reference contained in West Devon Borough Council's Constitution, is required to monitor and review the internal audit programme and findings, and the associated progress and performance of Internal Audit.

The Accounts and Audit (Amendment) (England) Regulations 2015 require that all Authorities need to carry out an annual review of the effectiveness of their internal audit system and need to incorporate the results of that review into their Annual Governance Statement (AGS), published with the annual Statement of Accounts.

The purpose and role of Internal Audit, and of the related Council responsibilities is also contained in the Internal Audit Charter and Strategy.

## **3. Outcomes/outputs**

Overall, based on work performed during 2023-24 and our experience from previous years audit, the Head of Internal Audit's Opinion is of "**Reasonable Assurance**" on the adequacy and effectiveness of the Authority's internal control framework.

Overall, the risk of fraud at the Council is considered low (see Page 5 of the report). Internal Audit continue work with managers to discuss their fraud risks and assess whether controls are sufficient / effective.

Devon Assurance Partnership’s Counter Fraud Team also completed an assessment of the council’s arrangements against the CIPFA best practice framework in April 2023. Our review concluded that the councils *“benchmarking against best practice is encouraging and supports the opinion that the Council is committed to reducing fraud losses to the minimum level possible”*.

Members will note the assurances provided by Internal Audit and consider them when reviewing the Annual Governance Statement (AGS). However, Internal Audit have not identified any issues that require inclusion in the AGS.

#### 4. Options available and consideration of risk

No alternative operation has been considered as the function of internal audit is a requirement Corporate Governance.

#### 5. Proposed Way Forward

That Audit Committee notes the Annual Report of Internal Audit (Appendix A).

#### 6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	The Accounts and Audit Regulations 2015 issued by the Secretary of State require every local authority to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards. The work of the internal audit service assists the Council in maintaining high standards of public accountability and probity in the use of public funds. The service has a role in promoting robust service planning, performance monitoring and review throughout the organisation, together with ensuring compliance with the Council’s statutory obligations.
Financial	Y	There are no additional or new financial implications arising from this report. The cost of the internal audit team is in line with budget expectations.
Risk	Y	The work of the internal audit service is an intrinsic element of the Council’s overall corporate governance, risk management and internal control framework.
Supporting Corporate Strategy	Y	This Progress Report and the work of Internal; Audit supports all of the Council’s corporate strategy themes.

Climate Change – Carbon / Biodiversity Impact	Y	None directly arising from this report. The Internal Audit function, managed by Devon Assurance Partnership is mindful of the need to minimise travel in completing the internal audit plan. Where possible, desk-top review of documents, and the use of electronic records, is used to support the audit process, although it is inevitable that on-site verification may be required at times. The team use an audit management system (Mki) which enables managerial review to take place remotely, thus also saving on the need for travel.
Comprehensive Impact Assessment Implications		
Equality and Diversity	N	There are no specific equality and diversity issues arising from this report.
Safeguarding	N	There are no specific safeguarding issues arising from this report.
Community Safety, Crime and Disorder	N	There are no specific community safety, crime and disorder issues arising from this report.
Health, Safety and Wellbeing	N	There are no specific health, safety and wellbeing issues arising from this report.
Other implications	N	There are no other specific implications arising from this report.

### **Supporting Information**

#### **Appendices:**

Appendix A – Internal Audit Annual Report for 2023-24

#### **Background Papers:**

Internal Audit Plan 2023-24 as approved by Audit and Governance Committee.

# Annual Internal Audit Report 2023-24

## Report for: West Devon Audit and Governance Committee

Tony Rose – Head of Devon Audit Partnership

Paul Middlemass – Audit Manager (to March 2024)  
Dominic Measures (from April 2024)

23 July 2024



**Support, Assurance and Innovation**

## Introduction

The Audit and Governance Committee, under its Terms of Reference contained in the Council's Constitution, is required to consider the Chief Internal Auditor's annual report, to review and approve the Internal Audit programme, and to monitor the progress and performance of Internal Audit.

The Accounts and Audit (Amendment) (England) Regulations 2015 introduced the requirement that all Authorities carry out an annual review of the effectiveness of their internal audit system, and to incorporate the results of that review into their Annual Governance Statement (AGS), published with the annual Statement of Accounts.

The Internal Audit plan for 2023-24 was presented and approved by the Audit and Governance Committee in July 2023. The following report and appendices set out the background to audit service provision, a review of work undertaken during the year and provides an opinion on the overall adequacy and effectiveness of the Authority's internal control environment.

The Public Sector Internal Audit Standards require the Head of Internal Audit to provide an annual report providing an opinion that can be used by the organisation to inform its governance statement. This report provides that opinion.

### Expectations of the Audit and Governance Committee from this annual report

Audit and Governance Committee members are requested to consider:

- the assurance statement within this report.
- the basis of our opinion and the completion of audit work against the plan.
- the scope and ability of audit to complete the audit work.
- audit coverage and findings provided.
- the overall performance and customer satisfaction on audit delivery.

In review of the above the Audit and Governance Committee are required to consider the assurance provided alongside that of the Hub Committee, Corporate Risk Management and external assurance including that of the External Auditor as part of the Governance Framework (see appendix 5) and satisfy themselves from this assurance to support signing the Annual Governance Statement.

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## Opinion Statement

Overall, based on work performed during 2023-24 and our experience from previous years audit, the Head of Internal Audit's Opinion is of **“Reasonable Assurance”** on the adequacy and effectiveness of the Authority's internal control framework.

*This opinion statement will provide Members with an indication of the direction of travel for their consideration for the Annual Governance Statement see appendix 4.*

The Authority's internal audit plan for the year includes specific assurance, risk, governance and value-added reviews which, with prior years audit work, provide a framework and background within which we assess the Authority's control environment. The Head of Internal Audit's Opinion is informed by the assurance conclusions obtained in the audits undertaken. Significant weaknesses identified should be considered by the Authority in preparing its Annual Governance Statement.

In undertaking our audits, we assess whether controls are operating satisfactorily and provide an overall opinion on the adequacy of controls to management in the audit report. Audit reports include an action plan with responsible officers and target dates to address control issues. Implementation of actions rests with management, high priority and other recommendations are reviewed during subsequent audits or in specific follow-ups.

**Underpinning our overall Reasonable Assurance Opinion are the 10 Substantial and 25 Reasonable Assurance Opinions provided.**

The summary Assurance Opinions chart provides a “Themed” overview.

This statement of opinion is underpinned by:

### Internal Control Framework

The control environment comprises the policies, procedures and operational systems including processes to establish and monitor the achievement of the Council's objectives; facilitate policy and decision making; ensure economical, effective, and efficient use of resources, compliance with established policy, procedure, law and regulation; and safeguard the Council's assets and interests from losses of all kinds.

The Council's overall internal control framework is considered to have operated effectively during the year. This is supported by the high proportion of Substantial Assurances we have provided. Core financial and administrative systems were reviewed by us and found to be largely effective. Where we have highlighted some weaknesses in compliance to key controls, none are considered to have had a material impact on the Authority's operations.

### Risk Management

Risks were discussed in appropriate forums including Audit and Governance Committee. A Risk Management Group provides a focus on risks. The Risk and Opportunity Management Strategy was reviewed by A&G in December 2023. This also reviewed the Counter Fraud strategies and assessments.

### Governance Arrangements

Corporate Strategies have recently been updated. There is good linkage to performance management arrangements and ultimately appraisals. There is a good understanding of partnerships held. There was a good framework of policies, activities, and training supported staff health and wellbeing.

### Performance Management

A hierarchy of strategies and delivery plans support reporting to senior management and members. Key Performance Indicators have been established and discussed by Performance Board and then Overview and Scrutiny. Most service areas had appropriate performance measures.

Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.	Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
Reasonable Assurance	<b>There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.</b>	No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

## Summary of Assurance Opinions by Service area

We have grouped our audit assurance opinions for 2023-24 under the responsible Service area in the diagram below. Opinion ratings are relevant at the time of the audit and may have improved since that time. The diagram also includes audits related to South Hams; these are indicated.

Service Area - Audit Coverage				
	Director of Customer Service & Delivery	Director of Place & Enterprise	Director of Strategy & Governance	Director of Strategic Finance
Substantial Assurance	Project - Waste and Recycling (South Hams only) Energy Bill Support Scheme	Car Parking	Electoral Registration Social Networking, Communications and Media Planning - Development Management	Main Accounting System and Budgetary Control Treasury Management UK Shared Property Fund Okehampton Levelling Up Fund (West Devon only)
Reasonable Assurance	Waste and Recycling (South Hams only) Comments and Complaints Building Maintenance Council Tax Business Rates Housing Benefits Council Tax Rebate Checks	Food Safety Commercial Properties and Rents Follow Up Homelessness Housing Salcombe Harbour (South Hams only) Environmental Services	Travel and Subsistence Members Allowances Performance Management Procurement Follow Up Safeguarding ICT Cyber Security Recruitment Project Management	Home England Grant Compliance Insurance Creditors Debtors
Limited Assurance	Not Applicable	Not Applicable	Not Applicable	Not Applicable
No Assurance	Not Applicable	Not Applicable	Not Applicable	Not Applicable

## Audit Coverage and performance against plan

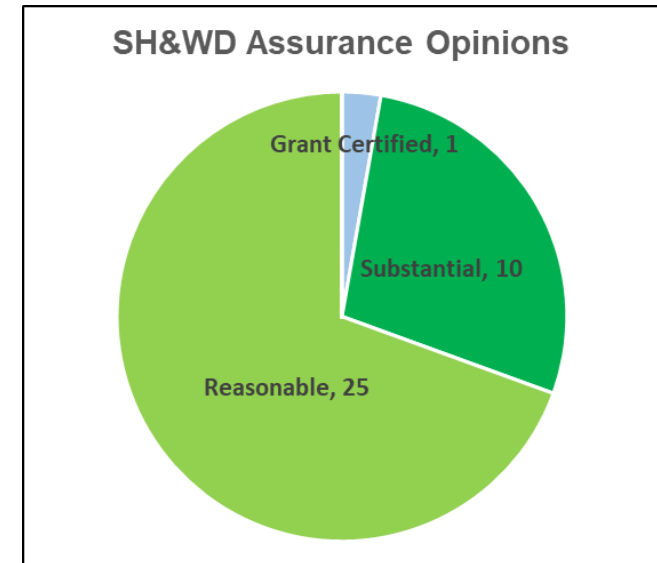
We completed 96% of the plan agreed for 2023-24 (to draft /final report stage) by May 2024. This was despite providing a large number of unplanned days on Grant Assurance work (48 days, including 25 days to review C-19 Business Grants). Some audits were also cancelled or deferred at management request. There is allocation of days in the 2024-25 audit plan to complete the audits carried forward into 2024/25.

The Chart opposite shows the mix of assurance opinions provided during the year. The assurances were a mix of Substantial and Reasonable.

We undertook follow up work on the previous Limited Assurance areas of Building Maintenance, Procurement, Council Tax, and Business Rates. In these areas we assess previous significant weaknesses have been addressed to allow us to improve to a Reasonable Assurance Opinion.

This year's mix of opinions compare to the 12 Substantial, 12 Reasonable, and three Limited Assurance audit opinions provided for 2022/23.

**Implementation of Internal Audit Recommendations:** There is an internal process to monitor implementation of agreed recommendations through the Customer Performance Board. The update provided to the March 2024 Committee was that most of the actions agreed in the last 3 years have been implemented, with work continuing on the remaining management actions.



**Appendix 1** is a summary of the audits delivered since the Audit and Governance Committee of March 2024. Summaries of the other audits delivered prior to that time were included in reports to the Committee during the year.

## Value Added

We know that it is important that the internal audit service seeks to "add value" whenever it can and we believe internal audit activity has added value to the organisation and its stakeholders by:

- Providing objective and relevant assurance.
- Contributing to the effectiveness and efficiency of the governance, risk management and internal control processes and providing advice and guidance in these areas.
- Undertaking similar audits across our partners for compare and contrast activity, and to identify best practice.
- We actively worked with management to progress actions to reduce their risk in areas such as Building Maintenance and Procurement and focused on high-risk areas such as Cyber Security.

Appendix 5 provides details of the specific feedback for the council and all our clients.



## Fraud Prevention and Detection

Overall, the risk of fraud at the Council is considered low. We continue work with managers to discuss their fraud risks and assess whether controls are sufficient / effective.

We also completed an assessment of the council's arrangements against the CIPFA best practice framework in April 2023. Our review concluded that the councils "**benchmarking against best practice is encouraging and supports the opinion that the Council is committed to reducing fraud losses to the minimum level possible**".

Our internal audit assignments include considering the potential for fraud and how the council prevents such fraud occurring. Our audits on the key financial systems (Payroll, Creditors, Council Tax etc) consider the suitability and robustness of the control framework to prevent, detect and address fraud. The national data matching exercise (National Fraud Initiative - NFI) is supported by the Council, albeit more attention is needed to ensure data matches identified are subsequently investigated. There were no significant investigations required during the year.

We set up an external review on entitlement to Single Persons Discount on Council Tax using an external reviewer and paid for by Devon County Council. This completed during 2023-24 and realised an uplift of more than £141k in Council Tax. (West Devon retains 11% of the overall Council Tax income which equates to £15.5k to fund its services).

## Grant Assurance Work

At management request we undertook extensive work on grant management controls and confirmed they were effective. This included the following grants:

- UK Shared Prosperity Fund.
- Okehampton Railway
- Energy Bill Support Scheme.
- Homes England Grant
- Changing Places Fund.

## Appendix 1 – Summary of 2023-24 audit reports delivered since March 2024

Audit / Assurance Opinion	Summary, risk exposure and management actions
<p><b>Social Networking, Communications and Media</b></p> <p><b>Substantial Assurance</b></p>	<p>The existing Communications Strategy for each Council is to be updated and aligned with the corporate priorities approved by members in February 2024. Meanwhile, a Communications Strategic Approach, agreed with the SLT and the Leaders, and shared with Heads of Service, is being used to guide work. This is supported by a suite of action plans which guide work over several timescales, annual, monthly, and individual campaigns, allowing effective use of staff resource aligned to strategic priorities.</p> <p>A Community Development team was established in January 2024, to address members’ desire to engage more effectively with communities. It will work closely with the Communications team and share ownership of the Community Engagement Strategy.</p> <p>The Communications Policy reflects the need for inclusivity when selecting communication channels. A communications plan is developed for each campaign, which informs the range of channels selected. Evaluation of larger projects helps identify successful methods.</p> <p>While a wide range of communication channels are used to reach customers and to ensure inclusivity, feedback is not obtained from the public to confirm effectiveness of these and ensure all sections of the population are reached. The Head of Strategic Communications and the Senior Communications Officer maintain awareness of changes in legislation and best practice through different sources and cascade information to colleagues.</p> <p>The Councils recently migrated to a new website platform and the websites are based on good practice. The website presents a professional and easy to use site for the public. There are good arrangements for the public to raise comments and complaints.</p> <p>Social media platforms are used by service areas, these are assisted by the Customer Services Team (CST). There are controls over the administration of the accounts and making posts and training is provided to all those involved. That said there is a recognised opportunity to better evaluate the effectiveness of individual social media platforms.</p> <p>Policies guide staff in the use of social media, in both a professional and a personal capacity. Some refreshed policies have yet to be highlighted to staff. There remains a need for published guidance in the use of WhatsApp. Members receive advice and guidance as part of their induction and were signposted to detailed guidance provided by the Local Government Association and offered one-to-one training.</p> <p>Devon-wide arrangements exist for communications during an emergency and the individual councils have entered a mutual support agreement. Recent training by the Local Resilience Forum was attended, focussed on communications during an emergency. Resilience of the Communications team has been improved by ensuring all team member are trained to carry out key tasks.</p>

The Organisational Development Plan considers communication with staff and an internal communications strategy is being developed and aligned with the Communications Strategy. The Head of Strategic Communications does not have sole responsibility for this work, internal communications being developed and enhanced through different channels. There are arrangements to facilitate communications with members to keep them updated.

**We agreed three Medium Priority Management Actions.**

## Car Parking

### Substantial Assurance

The Council has an effective car parking team with long serving officers with good knowledge of the service and operational requirements. Effective management and training of Civil Enforcement Officers (CEOs) and Business Support Officers was demonstrated. This includes officers having Health and Safety training, important given the enforcement role they play. They have also been equipped with video cameras to record incidents. The strategic and operational roles, at the time of the audit, were split between the Assets and Community Services teams. There has been a recent change with the appointment of a new Head of Community Services from December 2023 and a vacancy in the Head of Assets from March 2024. The service is solely under the leadership of the Head of Community Services and should benefit with new input of knowledge and ideas with support from the Assets Team.

Although there are strategies and plans for areas of the service, such as electric vehicles, and an annual Service Plan was being drafted at the time of the audit, there was no long term Strategy document. We are aware that reviews of the service are planned by the two Councils, this will include members and have different requirements for the two authorities. There are likely to be pressures and changes for the service and a rolling short-term plan and long-term strategy would be beneficial, particularly given the income collected, and impact on the environment and local businesses. These are planned for later in 2024.

We raised in our 2019 audit the risk that manual permits have a high sales value and require strong stock control and reconciliation. While there is daily reconciliation of permits issued and restriction on access to pre-printed permits, without a comprehensive reconciliation of stock, issues, and income it is not possible to confirm agreement that total stock issued agrees to income received.

Income from pay and display parking shows an upward trend for both authorities and in line with pre-pandemic levels:

- Pay and Display Income for 2023/24 is expected to be approx. £1.1m for West Devon.
- Permit Income is approx. £33k for West Devon.
- Cashless income (payment by card or via Ringo), over the last five years, has increased from 10% to 50% for West Devon.

We have highlighted that value of PCN debts, cancellations and write offs are not reported to committee until year end, along with the other Council debts. There would be better transparency in reporting the performance of the service. In addition, PCNs issued, debts outstanding and recovered and complaints.

Collection of data is not fully compliant with the data legislative requirements. Customers are not informed how their data will be stored or used.

**We agreed two Medium and eight Low Priority Management Actions.**

## Development Management

## Substantial Assurance

The Councils have an effective planning service that is embracing new ways of working. The service has successfully implemented a dedicated planning software system that is already delivering benefits and providing a more joined up process by including S106 and the further implementation of Land Charges. The service has mapped processes and implemented service improvements or identified areas for future improvement. Audit testing did identify some non-material anomalies, but these had already been identified and corrected by the service.

The service was able to demonstrate good financial, strategic, and service planning. Improvements have been made in performance and new processes and procedures adopted to ensure income received from pre-application services are realised. Projected income forecasts show a rise in pre-application income. Training has been provided to members and officers, that includes updates on policy, processes and data use. New improved processes have been introduced to outline officer responsibilities to vary or reduce S106 agreements, with appropriate oversight, reporting and member involvement.

The Planning Service has been historically significantly impacted by high workloads and difficulties in the recruitment and retention of staff. This impacted on its effectiveness and the quality of service. The Councils have adopted and are now implementing a Planning Improvement Plan (PIP) to address this problem; this is updated regularly for Hub committee review.

Implementation of the PIP focussed initially on resource management. This included assessing the costs and income of the service, and a capacity and resource review for a detailed analysis to determine the optimum organisational design for the service. The service also produced a detailed service plan setting out how to deliver quality service and use improvements to reduce costs by budget savings.

Local planning authorities are measured against Performance Indicators. The main KPI is 'Processing of planning applications as measured against targets for 'major' 'minor' and 'other' application types. The Councils KPIs including the planning indicators, are reported quarterly to the Overview and Scrutiny committees. Additional performance and plans are regularly presented to the Hub committee by the Assistant Director Planning. **The figures show excellent performance, well above the national targets.** There was a dip in performance due to the implementation of the new planning software, but this will improve now this is completed.

The management of the enforcement cases under investigation is another important focus of the PIP. The service is still mainly reactive and several large cases require significant input from professionals and take years to complete. There have been improvements and personnel changes over the last 2 years. Prior to this a significant loss of officers delayed enforcement cases, but there have been recent improvements in how quickly enforcement cases are handled, due to an increased number of officers, clear line management and new processes. The new process of reviewing all cases by member ward, which has commenced, is delivering early positive outcomes. Members have recently approved a new separate Planning Enforcement Plan, in South Hams and in the process of agreeing in West Devon, which will deliver improvements.

**We agreed one Low Priority Management Action.**

## Safeguarding

### Reasonable Assurance

We have confirmed that the Council identify the roles and duties, at the right level and with the suitable knowledge required to enable accountability for safeguarding arrangements. The Chief Executive has been appointed as the statutory role of Corporate Child Protection Officer (CCPO) responsible for overseeing child and vulnerable adult protection and safeguarding across the Councils. The CCPO is supported by several Key Designated Officers (KDO), and overseen by the Designated Lead Officer, the Head of Housing (IB), who are knowledgeable, responsible for incident reporting, promoting awareness and liaison with other local authorities, organisations, and Safeguarding Boards.

The Council has a comprehensive Safeguarding Policy and has a commitment to safeguard children, young people and vulnerable adults interacting with the authorities' services and to be treated with respect. This is developed by ensuring new staff and members have induction training that includes safeguarding.

However, it is possible to strengthen existing arrangements in some areas and provide additional awareness of the statutory duties. Significant areas are summarised below.

- Prompt introduction of a centralised system to enhance recording of incidents and provide analysis and evaluation across the authority.
- A robust process to provide training and development for KDOs.
- Ensure training is mandatory for all officers, and members, and a process to enforce it. That the training modules are updated to include all safeguarding areas, such as safeguarding children.
- Update of the Safeguarding Policy and inclusion of areas such as reporting, annual updates to members and communication of general awareness to all officers.
- Implementation of the proposed introduction of a key contact for the depots and additional contacts within departments.
- Further consideration is given to Disclosure and Barring Service (DBS) checks for members.
- Introduction of a clear DBS Policy - develop improved processes to ensure DBS rechecks are completed, records and data is correctly stored per retention requirements.
- There is the potential to provide additional project assistance to enable the implementation of the changes planned. This should include enabling the KDOs to undertake more responsibility for day-to-day safeguarding requirements.

**We agreed 11 Medium and 13 Low Priority Management Actions.**

## Council Tax

We have improved our Limited Assurance opinion of 2022/23 to a Reasonable Assurance. Concentrated work has delivered service improvements, with some actions completed, some in progress and more planned for 2024/25. Crucially, more effective use is being made of the capabilities of the revenues system. This will release staff capacity for tasks requiring manual input.

The Head of Revenues and Benefits has driven many improvements to address issues highlighted in previous reviews.

## Reasonable Assurance

Historically, lack of staff resource was cited as a reason for not completing some key tasks. This contributed to a backlog of accounts at certain stages of enforcement which could not be progressed without manual intervention. Additional capacity has been created by more effective use of the revenues system capabilities to automate processes where possible. There remains a need to review accounts at 'Pend Bailiff' and 'Bailiff Return' stage, to progress enforcement appropriately and promptly. Appointment of a Training and Quality Assurance Officer has provided resource to monitor the quality of work and develop a training programme for the Revenues team.

New and altered properties were not always being identified, reliance often placed on third parties. Nor were they promptly reported to the Valuation Office Agency (VOA), meaning properties were not always promptly brought into the rating list and timely bills were not issued to customers. Appointment of two Visiting Officers will allow proactive identification of new and altered properties and reporting of these to the VOA.

Annual billing and reconciliation of the revenues system, the cash receipting system and the general ledger remain timely and well controlled. We have previously reported the need to clear credits from accounts. During 2023/24 a one-off exercise was performed to review recent credit balances and transfer them to linked accounts. At the year-end, West Devon still had a credit balance of £519k. The majority accrued in the past five years but some date back thirty years, across numerous accounts. This demonstrates the need to review credits more regularly. There is opportunity to take advantage of the NEC credit module to automate the process in some cases.

Certain types of discounts and exemptions must be applied for annually and are automatically ceased if no further application is received. Others are applied indefinitely, with reliance placed on third parties to advise of changes in eligibility. These would benefit from regular review to confirm on-going eligibility.

In 2023/24 WDBC awarded £5.1m of discounts across 23,500 accounts. The top discounts in value and number were for single occupancy, disregarded severely mentally impaired (SMI) occupants, and unfurnished properties. It awarded £1.3m of exemptions across more than 3,000 accounts. The most numerous and highest value exemptions relate to empty properties, those occupied by a liable party with a SMI or with probate granted.

There was no routine review of continued eligibility to all discounts and exemptions in 2023/24 but reviews were undertaken, including for the single occupancy discount and some empty exemptions, with others planned in relation to changes in legislation. The Visiting Officers provide capacity for more regular checks to confirm on-going eligibility for discounts and exemptions and made their first visits in April 2024

The Head of Revenues and Benefits has implemented an ongoing review of the recovery and enforcement process. Enforcement agents continued to be used despite the contract having ceased some years ago impacting the extent to which their use can be effectively managed. A new public sector framework agreement is to be used to procure a new enforcement contract in the next few weeks. There is improved monitoring of cases with the enforcement agents.

An updated Write Off policy was approved in January 2024. Write off requests are reviewed for reasonableness before being approved in accordance with the Policy. During 2023/24, WDBC wrote off debts totalling £210k. The majority were due to individual insolvency or the customer absconding.

In 2023/24, WDBC achieved 98.3% council tax collection rate (£50.6m of the £51.4m total collectable debt).

	<p>National collection rates are not yet available for comparison but in 2022/23 WDBC achieved 98.3% (top quartile), exceeding both the average shire district (97.2%) and the national (96%) collection rates.</p> <p>Administration of access to the revenues system remains unchanged from previous years. There are known shortcomings due to the complexities of the access hierarchy used, meaning some staff must be given greater access privileges than needed. There is no regular review of access rights to confirm continued appropriateness. This is to be addressed in 2024, ahead of an audit by the Department for Work and Pensions in November 2024. Planned improvements and actions are captured in the annual service plan. Specific tasks are allocated to individual team members as part of their annual personal objectives. Whilst this allows monitoring of task completion, there is no overall action plan of all planned improvements to provide oversight of implementation progress and facilitate prioritisation of actions.</p> <p><b>We agreed five Medium and one Low priority Management Actions</b></p>
<p><b>Business Rates</b></p> <p><b>Reasonable Assurance</b></p>	<p>We have improved our Limited Assurance opinion of 2022/23 to a Reasonable Assurance. The Head of Revenues and Benefits has driven a wide range of improvements during 2023/24, which address some issues highlighted in previous reviews. Concentrated work has delivered service improvements, with some actions completed, some in progress and more planned for 2024/25. Crucially, more effective use is being made of the capabilities of the revenues system.</p> <p>Our summary findings related to Council Tax (see above) also applies to this area. We highlight the following specific to Business Rates:</p> <p>During 2023/24 a one-off exercise was performed to review recent credit balances and transfer them to linked accounts where possible. At the year-end, WDBC still had a credit balance of £120k, the majority accrued in the past five years but some date back thirty years, across numerous accounts. This demonstrates the on-going need to review credits more regularly, as well as dealing with the aged credits. There is opportunity to take advantage of the NEC credit module to automate the process in some cases. Refunds are appropriately authorised, and there is a programme of checks to confirm reasonableness.</p> <p>Certain types of relief and exemption must be applied for annually and are automatically ceased if no further application is received. Others are applied indefinitely, with reliance placed on third parties to advise of changes in eligibility. These would benefit from regular review to confirm on-going eligibility.</p> <p>The total value of all reliefs awarded in 2023/24 for WDBC was £7.7m across 5,500 accounts. The top three reliefs in value and number are the Small Business Rate Relief, Retail Discount, and Mandatory Charitable Rate Relief.</p> <p>WDBC also awarded £522k of exemption across 500 accounts. The majority of exemptions relate to empty properties. As in previous years, there was no routine review of continued eligibility to reliefs and exemptions throughout 2023/24. The Visiting Officers provide capacity to make checks and confirm ongoing eligibility for some types of reliefs and exemptions and made their first visits in April 2024. Their work will be guided by a programme created using the Inspections module within the revenues system and this is planned for 2024/25.</p> <p>An updated Write Off policy was approved by members in January 2024. Write off requests are reviewed for</p>

reasonableness by management before being approved in accordance with the Policy. Members receive six-monthly write off reports. During 2023/24, WDBC wrote off debts totalling £86k. The majority were due to business insolvency.

In 2023/24, WDBC achieved 97.78% business rates collection (£9m of the £9.2m total collectable debt). The WDBC rate was negatively impacted by a single high value write off during the year. National collection rates are not yet available for comparison but in 2022/23 WDBC achieved 99%, exceeding both the average shire district and the national collection rates.

**We agreed four Medium Priority Management Actions.**

**Building  
Maintenance  
Follow Up  
Reasonable  
Assurance**

Our review indicates good progress to implement the agreed actions. Half have been completed, with work well underway for the remainder. There are clear lines of communication between the Assets team, Community Services and Property Services and responsibilities have been clarified and allocated appropriately. Review of the Property Maintenance Strategy is almost complete, and all assets have been classified. Resourcing of the Property Services team is informed by the PPM programme, which continues to be analysed for this purpose. The Assets team use the property management software, Concerto, to good advantage and continue to explore its capabilities. The Property Services team finds it does not guide workflow but will undertake training to better understand its capabilities. We are also aware there is increased attention on the use of contractors for ad hoc work, rather than as part of a specific contract. These changes are helping to move the Councils to more effective (and cost efficient) management of its estate portfolio, including better focus on proactive rather than reactive work.

Through much of 2023/24, regular meetings were held to discuss and monitor progress to deliver the agreed actions and address the issues highlighted in the Building Maintenance audit report. These were attended by the Director of Customer Services and Delivery, Internal Audit and members of the Assets team and Community Services team.

The former Head of Assets commenced a review of the Property Maintenance Strategy, incorporating best practice recommended by the Devon Audit Partnership. The work is almost complete but has been paused following the departure of the postholder. Recruitment is taking place with the new officer responsible for completing the Strategy.

A classification system has been created, aligned to member priorities, and all assets have been classified, to assist strategic decisions and planned maintenance. There is a better understanding of the assets of the councils as a result.

The staffing structure of the Assets and Community Services teams has been revised, providing greater clarity of responsibilities, decision making and communication with respect to maintenance of the Councils' asset portfolios. There is regular communication between the teams, chiefly through the Operations Team Leader and the Principal Building and Facilities Officer who meet at least weekly, as well as weekly meetings with relevant Heads of Service. Regular reports on works completed are taken to the Senior Leadership Team.

Existing resource and skills in the Property Services team have been reviewed. An existing vacancy is to be filled and three further vacancies converted to apprenticeships to assist with the recruitment and retention of staff. The PPM schedule is to be analysed to identify remaining resource shortages and skills gaps and an evidence-based business case developed for any additional resource needed.



The Principal Buildings and Facilities Officer prioritises the delivery of works in liaison with the Operations Team Leader. The PPM schedule is used to determine in-house capacity for project work or whether it should be offered to contractors. Reactive works are prioritised and managed by the Operations Team Leader.

Revised arrangements have provided capacity to monitor the quality of work delivered by the Property Services team, and regular site inspections are made by the Building Maintenance Supervisor.

The Concerto software is used to advantage by the Assets team as a repository of data and documents relating to each asset and a PPM schedule has been entered for each asset. Work continues to cleanse data and ensure each asset record is up to date. The Property Services team find it doesn't guide workflow and rely on monthly reports of planned works provided by the Assets team. Training will be undertaken to explore and better understand system capabilities.

**We did not agree any additional management actions.**

**Housing Benefits**

**Reasonable Assurance**

Following review and restructure of the Benefits team in 2023, concentrated work has delivered service improvements, with some actions completed, some in progress and more planned for 2024/25. Improvement areas are identified and work areas organised into clear functions to manage work and processes effectively while maintaining a clear separation of duties. Crucially, more effective use is planned to use the capabilities of the benefits system. The benefits software provider has been tasked to provide a health check of system use and identify further opportunities for efficiencies. This will release staff capacity for tasks requiring manual input. A Training and Quality Assurance Officer has been recently appointed to monitor officers work and assure data quality. A dedicated overpayments and recovery officer has improved the recovery process. Focus remains on using all recovery methods and reviewing cases that are not progressing, including with the bailiffs.

Experienced officers undertake claim processing, with new claims and changes in circumstances assessed promptly. The Council is performing above the local target processing speeds for new claims (10 days for West Devon compared to internal target of 17 days), and change of circumstances (3 days for West Devon compared to internal target of 6 days). Comparison of current performance to that in 2021/22 shows the number of new claims have increased but processing times have stayed the same or slightly improved. Senior officers are monitoring this closely along with government funding support to ensure resources meet future expected demands.

A formal process was established to review the accuracy of claim processing and quality checking. However, the formal recording of quality checks has not been consistent, and it was not possible to confirm accuracy targets are being met. Better utilisation of the Performance Management and QA module is needed to provide assurance on the quality checks and improvements required. A QA Assessor has recently been appointed to undertake these duties.

The Council is participating in the Housing Benefit Award Accuracy initiative supported by funding from the Department for Work and Pensions (DWP) which is a five year scheme ending in 2025. The Council undertakes accuracy checks to confirm a sample of claimants have provided the correct information to support their claim and that they receive the correct benefit. The Council also uses data from several sources and external organisations to confirm the accuracy of information they hold about claimants. This includes the Housing Benefit Matching Service which cross references data to the DWP benefits system. Every two years data is uploaded to the National Fraud Initiative to compare to national

data records. The service had several data matches but these have not been reviewed since the last exercise in 2023 due to insufficient officer resource. This means that possible instances of fraud or error have not yet been investigated.

Our previous report identified that actions on review and recovery of errors and overpayments were not completed consistently. We now confirm that action is undertaken on these cases. Claims are being actively recovered in accordance with the corporate debt policy. Where recovery stalls, prompt follow-up is undertaken and limited claims placed on hold. We note the benefits system has an error in that aged debts are included on the system reports, that are no longer being recovered or written off the system. This inflates the value of overall overpayment debts. This is a system wide issue held by other councils that the software provider has been asked to correct. The overall level of debt at year-ending March 2023 of £509k for West Devon supports the underlying downward trend in levels of debt.

The service is undertaking steps to recover outstanding debts and take write off action only where all attempts have been made. The debts written-off to September 2023 of £4,287 for West Devon are similar to previous years. Debts are only written off where all effort has been undertaken to undertake recovery and they are reviewed independently by senior officers and the Section 151 officer.

Reconciliations of benefit payments from payment records to the benefit system and general ledger are undertaken weekly. This enables balancing of the systems and identifies any anomalies and returned transactions. Due to the officer undertaking the reconciliations leaving the Council at the time of the audit, the final weeks reconciliations and for year-end were being completed. The Council has taken steps to address this as part of the closure of the 2023/24 accounts.

**We agreed four Medium Priority management actions.**

## Environmental Services

### Reasonable Assurance

The functioning and management of environmental protection by the Environmental Health Team is effective, well organised and merits a Reasonable Assurance opinion given their good support to the wide range of environmental duties. There are effective processes in place to confirm that the Council areas are being adequately maintained.

The service started using the back office Assure system several years ago and are working to integrate all of the processes with the customer facing systems. Most of the processes are now online with only a few requiring manual returns from customers and additional team processing. The team are knowledgeable with a robust structure to ensure that new team members undertake required training and knowledge development alongside experienced colleagues. The team is fully manned with no vacant posts.

The work conducted by the Environmental Protection Team is varied, and their methods are dictated by legislation, so policy guidance and instructions are vital. The website includes information on the service and related organisations roles and responsibilities. The information is well presented with links direct to online forms. The version of the Clean Air Strategy, dated 2018 and shown as draft, requires updating and issuing as final.

There is an effective system to manage public requests, nuisance reports and inspections. Communications received through the website, email or other means are accurately recorded and allocated to an officer who will then return contact and undertake any necessary action. Most data is held on the Assure system, but some data including

inspection data, reports and customer personal information is held on personal or other systems. The service needs a clear process to remove data from files and systems no longer required, to comply with data protection legislation.

The Environmental Permitting Register of permitted businesses (those involved in waste, energy, manufacturing etc), on the website is not maintained and includes out of date information. There is not an active inspection routine of all of these business. There is an increased risk all are not complying with the licence conditions.

The service has a duty to licence animals and undertake inspections of associated establishments. For some of these, such as zoos, the council has a shared responsibility with other agencies to manage the animal welfare should there be a failure in the business. This risk should be identified in a service business continuity plan.

Due to the Cryptosporidium outbreak in Brixham including parts of the South Hams area such as Kingswear and surrounding area, the service was under significant pressure with constant meetings with the UK Health Security Agency, South West Water and related agencies. Regular information was provided to residents and officers and members on the evolving situation. The audit included testing of the processes surrounding private water supply testing which is the statutory responsibility of the council. We confirm that there is a robust system in place with an active testing schedule. Officers ensure they take enforcement action as per the legislation.

**We agreed two Medium and four Low Priority management actions.**

## Appendix 2 - Professional Standards and Customer Service

**Public Sector Internal Audit Standards (PSIAS) Conformance** - Devon Audit Partnership conforms to the requirements of the PSIAS for its internal audit activity. The purpose, authority and responsibility of the internal audit activity is defined in our internal audit charter, consistent with the *Definition of Internal Auditing*, the *Code of Ethics* and the *Standards*. Our internal audit charter was approved by senior management and the Audit Committee in March 2023. This is supported through DAP self-assessment of conformance with Public Sector Internal Audit Standards & Local Government CIPFA requirements.

The Institute of Internal Audit (IIA) is the key body involved in setting out the global standards for the profession which form the basis for the Public Sector Internal Audit Standards and are undergoing review and revision. The Standards have recently been revised and take effect in 2024. The document via the link helps clarity and raise awareness of the audit committee's governance roles and responsibilities in respect of this. [IIA Document – Updating the Standards](#).

**Quality Assessment** –The Head of Devon Audit Partnership maintains a quality assessment process which includes review by audit managers of all audit work. The quality assessment process and improvement is supported by a development programme.

**External Assessment** - The PSIAS states that a quality assurance and improvement programme must be developed; the programme should be informed by both internal and external assessments.

An external assessment must be conducted at least once every five years by a suitably qualified, independent assessor. For DAP this was conducted at the end of 2021 by the Head of Southwest London Audit Partnership, and the Chief Internal Auditor of Orbis (a partnership organisation covering Brighton and Hove, East Sussex, and Surrey County Council).

The assessment result was that **“Based on the work carried out, it is our overall opinion that DAP generally conforms\* with the Standards and the Code of Ethics”**. The report noted that *“As a result of our work, a small number of areas where partial conformance was identified. These were minor observations, none of which were significant enough to affect the overall opinion”*. DAP is actively addressing these improvement areas.

\* **Generally Conforms** – This is the top rating and means that the internal audit service has a charter, policies and processes that are judged to be in conformance to the Standards

**Improvement Programme** – DAP maintains a rolling development plan of improvements to the service and customers. All recommendations of the external assessment of PSIAS and quality assurance were included in this development plan and have been completed. This will be further embedded with revision of our internal quality process through peer review. Our development plan is regularly updated, and a status report reported to the DAP Management Board.

**Customer Service Excellence** - DAP was successful in re-accreditation by G4S Assessment Services of the CSE standard during January 2023. This accreditation is a UK-wide quality mark which recognises organisations the prioritise customer service and are committed to continuous improvement.

During the year we have issued client survey forms for some of our reports, and the results of the surveys returned were very good / positive. The overall result is very pleasing, with near 98% being "satisfied" or better across our services (see Appendix 6). It is very pleasing to report that our clients continue to rate the overall usefulness of the audit and the helpfulness of our auditors highly.

## Appendix 3 - Audit Authority



## Appendix 4 - Annual Governance Framework Assurance

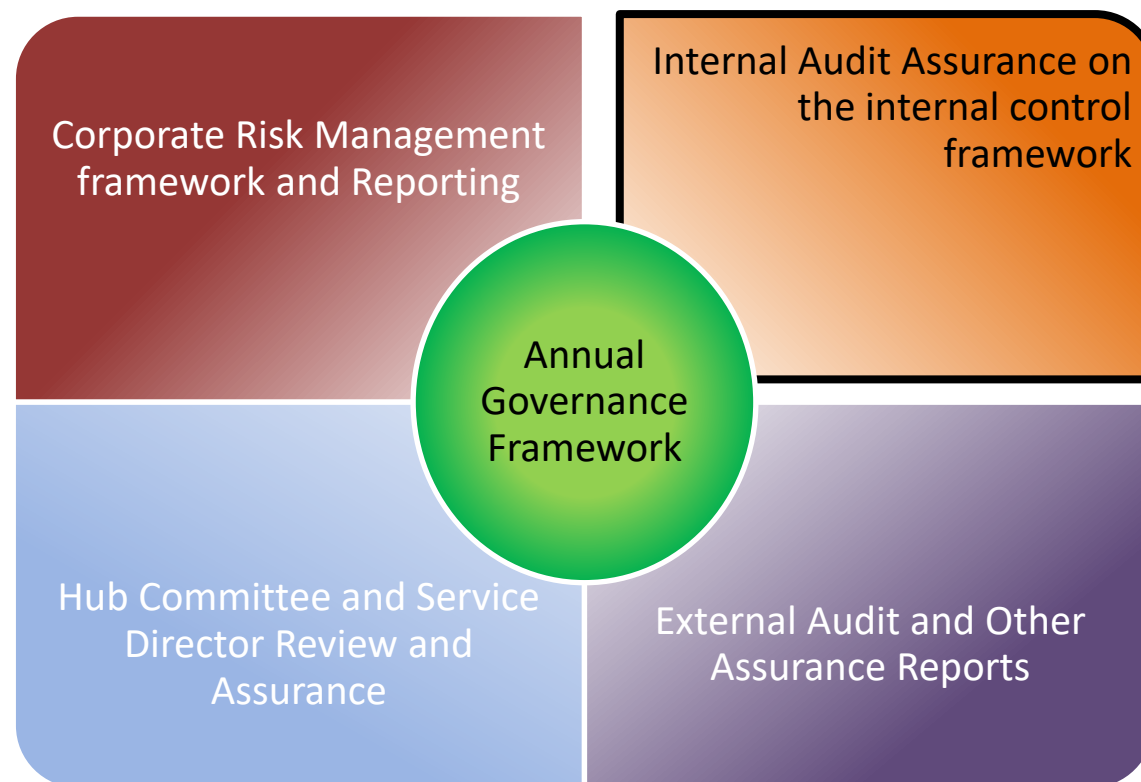
**The conclusions of this report provide the internal audit assurance on the internal control framework necessary for the Committee to consider when reviewing the Annual Governance Statement.**

The Annual Governance Statement provides assurance that

- Authority's policies have been complied with in practice.
- High quality services are delivered efficiently and effectively.
- Ethical standards are met.
- Laws and regulations are complied with.
- Processes are adhered to.
- Performance statements are accurate.

The statement relates to the governance system as it is applied during the year for the accounts that it accompanies. It should:

- Be prepared by senior management and signed by the Chief Executive and Chair of the Audit Committee.
- Highlight significant events or developments in the year.
- Acknowledge the responsibility on management to ensure good governance.
- Indicate the level of assurance that systems and processes can provide.
- Provide confirmation the Authority complies with CIPFA / SOLACE Framework Delivering Good Governance in Local Government. If not, a statement is required stating how other arrangements provide the same level of assurance.
- Provide a narrative on the process that has been followed to ensure that the governance arrangements remain effective. This includes comment on:
  - The Authority.
  - Audit Committee.
  - Risk Management.
  - Internal Audit.
  - Other reviews / assurance.



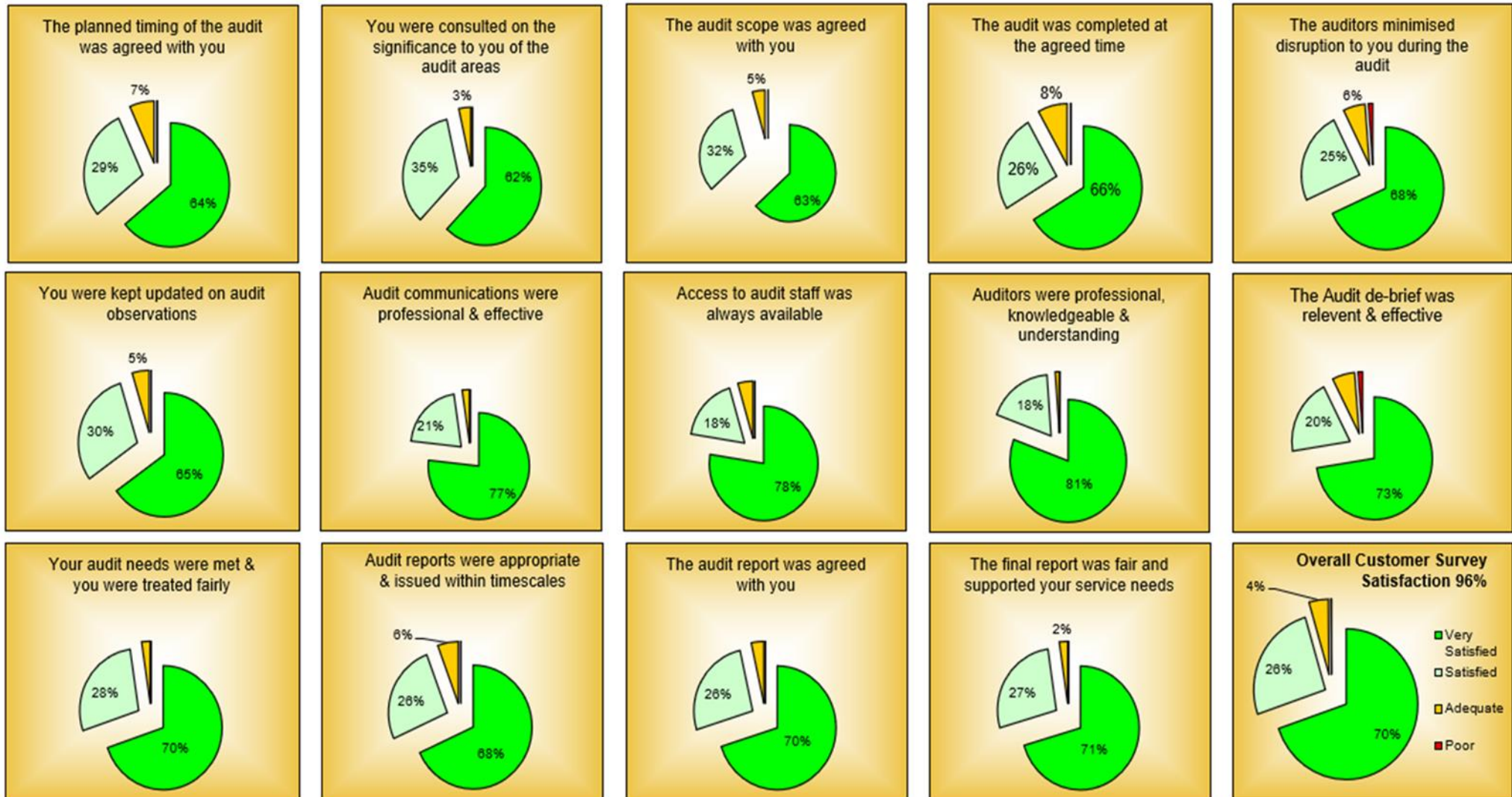
The AGS needs to be presented to, and approved by, the Governance Committee, and then signed by the Chief Executive and Leader of the Council.

The Committee should satisfy themselves, from the assurances provided by the Corporate Risk Management Group, Hub Committee and Internal Audit that the statement meets statutory requirements and that the management team endorse the content.

## Appendix 5 - Customer Service Excellence

For each audit we issue a customer feedback form. The results we receive help us shape our service; it helps to identify possible training needs for staff and helps us understand the areas of our process that are more challenging for the auditee. The diagram below shows the feedback results for the whole of DAP.

### Customer Survey Results April 2023 - March 2024



## Appendix 6 - Basis for Opinion

The Chief Internal Auditor is required to provide the Council with an opinion on the adequacy and effectiveness of its accounting records and its system of internal control in the Council. In giving our opinion, it should be noted that this assurance can never be absolute. The most that the internal audit service can do is to provide reasonable assurance, formed from risk-based reviews and sample testing, of the framework of governance, risk management and control.

This report compares the work carried out with that planned through risk assessment; presents a summary of the audit work undertaken; includes an opinion on the adequacy and effectiveness of the Authority's internal control environment; and summarises the performance of the Internal Audit function against its performance measures and other criteria. The report outlines the level of assurance we are able to provide, based on the internal audit work completed during the year. It gives:

- A statement on the effectiveness of the system of internal control in meeting the Council's objectives;
- A comparison of internal audit activity during the year with that planned;
- A summary of the results of audit activity and;
- A summary of significant fraud and irregularity investigations carried out during the year and anti-fraud arrangements.

The extent to which our work has been affected by changes to audit plans has not been notable this year and we have been able to accommodate the changes required within planned resources and completed the work

In assessing the level of assurance to be given the following have been taken into account:

All audits completed during 2023/24, including those audits carried forward from 2022/23;

Any follow up action taken in respect of audits from previous periods;

Any significant recommendations not accepted by management and the consequent risks;

The quality of internal audit's performance;

The proportion of the Council's audit need that has been covered to date;

The extent to which resource constraints may limit this ability to meet the full audit needs of the Council;

Any limitations that may have been placed on the scope of internal audit.