



Public Document Pack

North Devon Council
Brynsworthy Environment Centre
Barnstaple
North Devon EX31 3NP

K. Miles
Chief Executive.

GOVERNANCE COMMITTEE

A meeting of the Governance Committee will be held in the Barum Room - Brynsworthy on **MONDAY, 22ND JULY, 2019 at 6.00 pm.**

(NOTE: A location plan for the Brynsworthy Environment Centre is attached to the agenda front pages. There are limited car parking spaces in the Visitors parking area. If no spaces are available, please find an alternative space. Please ensure that you enter your name and car registration details in the book in front of the entrance door)

Members of the Governance Committee Councillor Roome (Chairman)

Councillors Phillips, Bushell, Campbell, Henderson, Saxby, Topps and Walker.

AGENDA

1. Apologies for absence
2. To approve as a correct record the minutes of the meeting held on 11th June 2019. (Pages 5 - 14)
3. Items brought forward which in the opinion of the Chairman should be considered by the meeting as a matter of urgency.
4. Declarations of Interests.
(Please complete the form provided at the meeting or telephone Corporate and Community Services to prepare a form for your signature before the meeting. Interests must be re-declared when the item is called, and Councillors must leave the room if necessary.)
5. To agree the agenda between Part 'A' and Part 'B' (Confidential Restricted Information).

PART A

6. **Compensation Payments Made Under Delegated Powers** (Pages 15 - 18)
Report by the Customer and Corporate Services Manager.
7. **External Audit Findings Report** (Pages 19 - 34)
Report by Grant Thornton.

8. **Letter of Representation** (Pages 35 - 38)
Report by the Head of Resources.
9. **Audit Recommendation Tracker** (Pages 39 - 48)
Report by the Head of Corporate and Community Services.
10. **Work Programme 2019-2020** (Pages 49 - 50)
To consider the Work Programme for 2019 to 2020.

PART B (CONFIDENTIAL RESTRICTED INFORMATION)

Nil.

**If you have any enquiries about this agenda, please contact Corporate and
Community Services, telephone 01271 388253**

12.07.19



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1. The recording must be overt (clearly visible to anyone at the meeting) and must not disrupt proceedings. The Council will put signs up at any meeting where we know recording is taking place.
2. The Chairman of the meeting has absolute discretion to stop or suspend recording if, in their opinion, continuing to do so would prejudice proceedings at the meeting or if the person recording is in breach of these rules.
3. We will ask for recording to stop if the meeting goes into 'part B' where the public is excluded for confidentiality reasons. In such a case, the person filming should leave the room ensuring all recording equipment is switched off.
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5. The recording should not be edited in a way that could lead to misinterpretation or misrepresentation of the proceedings or in a way that ridicules or shows a lack of respect for those in the recording. The Council would expect any recording in breach of these rules to be removed from public view.

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North Devon Council offices at Brynsworthy, the full address is:
Brynsworthy Environment Centre (BEC), Roundswell,
Barnstaple, Devon, EX31 3NP.

Sat Nav postcode is EX31 3NS.

At the Roundswell roundabout take the exit onto the B3232, after about ½ mile take the first right, BEC is about ½ a mile on the right.

Drive into the site, visitors parking is in front of the main building on the left hand side.

On arrival at the main entrance, please dial 8253 for Corporate and Community Services.



NORTH DEVON COUNCIL

Minutes of a meeting of Governance Committee held at Barum Room - Brynsworthy Environment Centre on Tuesday, 11th June, 2019 at 6.00 pm

PRESENT: Members:

Councillor Roome (Chairman)

Councillors Phillips, Bushell, Henderson, Saxby, Topps and Walker

Officers:

Head of Corporate and Community Services and Head of Resources

1. APOLOGIES FOR ABSENCE

There were no apologies received.

2. DECLARATIONS OF INTERESTS

There were no declarations of Interest announced.

3. ANNUAL GOVERNANCE STATEMENT 2018/19

The Committee considered a report by the Head of Corporate and Community Services (circulated previously) regarding the Annual Governance Statement 2018/19.

The Head of Corporate and Community Services advised that the Annual Governance Statement 2018/19 was presented to the Committee on an annual basis to set out the governance arrangements and core principles of the Council. He added that the report for consideration at the meeting was up to the period ending 31st March 2019. The statement explained how the Council had complied with the code and that it had met the requirements of the Accounts and Audit Regulations in relation to the publication of a statement of internal control.

He outlined the key elements of the Council's Governance Framework, which were detailed in sections 3.1 to 3.6 of the report.

He explained how the Council had complied with the Framework in relation to the key arrangements that were in place to meet the core principles, which were as follows:

- Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Principle B - Ensuring openness and comprehensive stakeholder engagement.

- Principle C and D - Defining outcomes in terms of sustainable economic, social and environmental benefits and determining the interventions necessary to optimise the achievement of the intended outcomes.
- Principle E - Developing the entities capacity, including the capability of its leadership and the individuals within it.
- Principle F - Managing risks and performance through robust internal controls and strong public financial management.
- Principle G - Implementing good practices in transparency, reporting and audit to deliver effective accountability.

He highlighted the following points to the Committee:

- Internal Audit was responsible for objectively reviewing the Council's internal systems of control with a view to reporting on and making recommendations to management with regard to their effectiveness for managing business risk and achieving the organisation's objectives. Internal audit reviews were designed to assess the effectiveness of the internal controls on which the council relied for managing risk. There was an annual risk-based internal audit plan approved by the Audit Committee. During the year Internal Audit undertook 17 audits. Audit Recommendations are reported to SMT on a regular basis.
- The External Auditors appointed by the Council were Grant Thornton. The 2017/18 Annual Audit Letter (received in August 2018) provided an unqualified opinion on the Council's accounts but made some recommendations in relation to financial savings targets to 2021/22 and in respect of the reporting for the 21:21 programme. The reporting of progress in relation to 21:21 now occurred as part of the quarterly business report and so this recommendation had not been carried forward to the Action Plan. The MTFP was reviewed in February/March 2019 but further work needed to be undertaken to bridge any funding gaps in subsequent years. This was reflected in the Action Plan.
- The Local Government Ombudsman (LGO) reported to all Councils on an annual basis. The report for the year 2017/18 indicated that 23 complaints were received, which was consistent with the level of complaints over the previous five year period. The Investors in People (IIP) and Local Government Association (LGA) Peer Review were referenced in the previous Annual Governance Statement. The Council had not yet implemented the whole range of recommendations and so an action had been included in the Action Plan.
- No formal reports had been made by any statutory officer.
- The Senior Management Team (SMT) met each week to develop policy issues and also considered internal control issues, including risk management, performance management, compliances, efficiency and value for money, and financial management. All members of SMT had responsibility for maintaining a system of sound internal controls and management processes within their area of responsibility, and for reviewing their effectiveness. Each member of had completed an Assurance Statement for their area confirming that a sound system of internal control had been in place throughout the financial year, and identified any areas that were less robust.

Any issues identified as part of these had been incorporated into the Action Plan.

- The Council had considered the outcomes of the governance arrangements referred to in the Annual Governance Statement 2018/19. One significant issue in relation to business continuity had been identified and had been outstanding for some time. Other issues identified related to the development of an action plan to implement recommendations from the Investors in People (IIP) report and the Peer Review together with the development of a savings plan to plan for budget reductions during the period 2020/21 – 2022/23 as part of the Medium Term Financial Plan. There were also plans to implement a system to report breaches to the Governance Committee. He added that with a new administration in place following the elections in May 2019 he would like to undertake another Peer Review to baseline the Council in 2019.

In response to a number of questions the Head of Corporate and Community Services and Head of Resources advised the following:

- In relation to principles C and D and the provision of workshops for new Councillors as part of Growing North Devon, the Committee was advised that whilst Growing North Devon was a priority, creating communities was also an important element and that all Members would be involved in that process going forward.
- In relation to cyber security and the provision of a backup mechanism on site, the Committee was advised that there were backup facilities at both Brynsworthy Environment Centre and at Lynton House. However, Senior Management Team were mindful that Lynton House was located within a flood plain. With that in mind there were plans for future investment as part of capital resources to enable more data recovery storage within the cloud. The provision of offsite backup systems was also an item on the Corporate Risk Register and there were firewalls in place, which were patched every week to ensure that they were fully updated. The Council also had cyber-attack insurance, which would enable systems to be up and running quickly should such a threat occur.
- The Business Continuity Plans were not yet completed with some additional work required to develop specific recovery plans to address key systems.

The Chairman and the Committee welcomed and supported the possibility of another Peer Review.

RECOMMENDED that the Annual Governance Statement proceed to Council for adoption as an accompaniment to the Statement of Accounts for 2018/19.

4. STATEMENT OF ACCOUNTS 2018/19

The Committee considered a report by the Head of Resources (circulated previously) regarding the Statement of Accounts for 2018/19.

The Head of Resources highlighted the following points for the Committee:

- The most important elements of the report were contained within the first 10 pages, which set out the challenges and reviews for the year 2018/19.
- The purpose of the narrative report was to provide an easy to understand guide to the most significant financial matters reported in the accounts. This element of the report focussed on the year 2018/19 and beyond.
- The Council originally budgeted to spend £12.220m in 2018-19. As at 31 December 2018, the Council was forecasting a net deficit of £0.019m against the budget.
- The last quarter of the financial year had seen some favourable variances since the last reported position; additional income through the one-off pilot year for 100% Business Rate Retention scheme and additional savings achieved throughout our staffing budgets.
- The final outturn position was a net budget surplus of (£0.754m), which was an overall movement of (£0.773m) from the last forecast at quarter three.
- The Collection Fund Reserve balance at 31st March 2019 was £1.017m and was set aside to smooth the future year's impacts on the budget from the Collection Fund balances. Following a contribution to the Collection Fund reserve of £0.236m in 2018/19, a residual surplus of £0.518m would remain in the 2019/20 year.
- He outlined the following earmarked reserves as follows:
 - £0.050m into Strategic Contingency Reserve to fund projects coming through the Strategy and Resources Committee.
 - £0.075m into Improvement Reserve to fund future service delivery initiatives.
 - £0.100m into Digital Transformation Reserve to fund further system improvements to our ICT infrastructure.
 - £0.100m into Repairs Fund Reserve to fund additional enhancements to Council assets (on top of the already planned maintenance).
 - £0.193m into a number of smaller Earmarked Reserves to fund already identified specific projects in 2019/20 year.
- The general fund reserve balance at 31st March 2019 was £1.161m, which was a level of 9.5% of the Council's net revenue budget.
- He outlined the breakdown on the earmarked reserves, which were detailed on pages 68-69 of the report.
- The Medium Term Financial Strategy (MTFS) monitored the changing financial situation of the Council over the future four financial years for 2019-20 to 2022-23 and was based on a number of assumptions. The major plans currently included within the MTFS to deliver the savings required in the short to medium term were outlined to the Committee. Plans for any future service changes would need to be factored in with the agreement of the Strategy and Resources Committee.
- The Key Performance Indicators (KPIs) for 2017/18 and 2018/19 for each service were outlined on pages 26 to 29 of the report.
- The core financial statements, which were detailed on pages 31 to 37 of the report.

In response to a number of questions, the Head of Corporate and Community Services and Head Resources advised the following:

- In relation to the requirement for external borrowing of £1.2m when there was funding available within the internal reserves. The Head of Resources advised that the majority of borrowing was internally borrowed from within the internal cash reserves. He went on to explain the borrowing process in more detail, providing examples and explanation as to the management of cash flows. He added that there were a number of existing commitments to capital projects within the existing capital programme and with additional schemes committed for future projects there would be a requirement for further borrowing.
- In relation to the reduction in the workforce of around 130 posts since the beginning of the 2010 spending review and whether there was a mechanism to review if there had been a detrimental impact from those vacancies. The Head of Resources advised that in 2010 prior to the spending review the Council had a workforce of around 500 staff. This number had reduced to around 400 employees in the intervening years but had been addressed through a managed process. He added that whilst there had undoubtedly been an impact, the Council was working to address any shortfall via the improvement of the business and its processes. He further added that in terms of the staffing levels required for the delivery of the Council's services, the authority was now at an acceptable level of resources. The Head of Corporate and Community Services added that some services once delivered by the Council had now disappeared altogether and that certain skills and expertise required for a particular project would be sought from an external provider, which was still more cost effective than having a particular service in house.
- In relation to the natural wastage of staff and the inherent risks to the remaining employees; the Head of Resources explained that sickness of any frontline staff i.e. a refuse driver was addressed via agency staff to ensure the continued smooth running of the service. There was also a sickness review process in place, which included a return to work interview. The Head of Corporate and Community Services added that there was a sickness management process together with a supporting mechanism in place to support staff.

RECOMMENDED that the draft Statement of Accounts for 2018/19 be approved.

The Committee congratulated the Head of Resources and his team for their hard work.

5. INTERNAL AUDIT PROGRESS REPORT 2018/19

The Committee considered a report by MAZARS Public Sector Internal Audit Limited regarding the Internal Audit progress report for 2018/19 (circulated previously).

The Committee was advised of the following in relation to the Internal Audit Progress Report 2018/19:

- There were still a couple of audits to be completed and these should be done by the next meeting.
- 88% of the plan had now been completed.
- One final report in relation to Main Accounting System and Budgetary Control had been issued, with a substantial assurance rating together with one priority three recommendation in relation to “Procedures should denote the last review date and next date it was due for review to confirm, it was still fit for purpose”.
- Appendix one to the report detailed the progress against the Internal Audit Plan 2018/19.

In response to a question, the Head of Resources advised all previous reports were available on the website should the Committee wish to view them. He added that the Internal Audit opinion would be included as part of the report to meeting in July 2019.

The Chairman added that he welcomed any input from Internal and External Audit to the Committee going forward.

RESOLVED that the Internal Audit Progress report for 2018/19 be noted.

Councillor Henderson left the meeting.

6. EXTERNAL AUDIT FEE LETTER 2019/20

The Committee considered Grant Thornton’s External Audit fee letter for 2019/20 (circulated previously).

The External Auditor outlined the details of the fee letter, the basis for the fee to be charged together with the audit timetable. He advised that the scope of the fee was the same as the prior year and the proposed timetable for 2019/20 was included.

RESOLVED that the External Audit Fee letter for 2019/20 be noted.

7. EXTERNAL AUDIT PROGRESS REPORT AND SECTOR UPDATE

The Committee considered a report by Grant Thornton regarding the External Audit Progress report and Sector Update (circulated previously).

The External Auditor advised the following:

- The report was the regular progress report, which outlined the progress at 30th May 2019.
- The report reviewed the financial statements, value for money and other areas within the Council.
- The results of the interim audit work.
- Audit deliverables, which detailed planned dates together with the current status.

- The sector update together with various reports for the Committee's information.
- At the previous meeting it was agreed that the initial risk assessment findings be presented to the Committee and this would be presented at the meeting in July 2019.

The Chairman added that the report highlighted the hard work of the employees of the Council and wished to pass on his thanks to the workforce via the Senior Management Team.

The Head of Corporate and Community Services advised that thanks could be relayed to the workforce via Managers Forums and Staff Briefings. The Chairman added that large organisations such as the National Health Service (NHS) regularly publicised thanks to employees on the intranet and added that this platform could also be used by the Council to praise employees.

The Head of Resources advised that Senior Management Team were currently exploring options to improve internal communications with the workforce.

In response to concerns raised by the Committee in relation to employees working under pressure. The External Auditor advised that if that were to be the case the Committee would begin to see evidence of such pressures within the audits and internal controls.

RESOLVED that the External Audit Progress report and Sector update for the year ended 31st March 2019 be noted.

Councillor Roome declared a personal interest as an employee of the NHS.

8. AUDIT RECOMMENDATION TRACKER

The Committee considered the Audit Recommendation Tracker report by the Head of Corporate and Community Services in respect of actions taken to address internal and external audit recommendations (circulated previously).

The Committee noted the following updates:

- Table C of the report detailed the outstanding Audit Recommendations where Heads of Service had requested a revision to the due date. He took the Committee through the each of the recommendations, which were as follows:
 - 14 AGS 02 Annual Governance Statement – Requested extension to 31st March 2020.
 - 15 DR 05 Disaster Recovery - Requested extension to 31st March 2020.
 - 15 DR 06 Disaster Recovery - Requested extension to 31st March 2020.
 - 17 CS 02 Cyber Security – Network security - Requested extension to 31st March 2020.

- 17 CS 04 Cyber Security – Policy Development and Awareness – Requested extension date until 31st November 2019.
- 16 SP 01 Severance Packages – Early Retirement Policy - Requested extension date until 30th September 2019.
- 15 AH 04 – Affordable Housing - Requested extension date until 28th June 2019.
- 16 BCM 07 Business Continuity Management – Testing Strategy - Requested extension date until 30th April 2020.
- 17 SRR 06 Security Review Report – Policies and Procedures - Requested extension date until 31st July 2019.
- 17 SRR 08 Security Review Report – Information Sharing – Requested extension date until 31st July 2019.

The Chairman explained that the percentage bar within the tables was introduced by the previous Committee as a visual aid for Members to provide assurance that a recommendation was progressing. He added that the Committee could invite Heads of Service to the meetings to explain the reasons for the requested extension times, which would allow the Committee to challenge and provide further reassurance that the actions were on track for completion.

The Head of Corporate and Community Services added that the Committee were welcome to invite any Head of Service to attend a meeting and not just the Heads of Service with outstanding actions.

In response to a number of questions, the Head of Corporate and Community Services and Head of Resources advised the following:

- There were no resource issues with regards to the requested extension times.
- The target dates that were set by the Heads of Service should be realistic and achievable in an effort to avoid the requirement for extension dates.
- The disaster recovery recommendation was a continuous process and a significant amount of work had already been undertaken.

The Committee discussed the processes involved in meeting the specified deadlines and acknowledged that delays were expected following the departure of key officers who were working on specific areas of work. There were also questions raised in relation to refusing some of the requested extensions and whether that would be an appropriate action to take.

RESOLVED:

- (a) that that the extensions to time scales requested in the Audit Recommendation Tracker be approved; and
- (b) that the Audit Recommendation Tracker be noted.

9. GOVERNANCE WORK PROGRAMME 2019-2020

The Committee considered the draft work programme for 2019/20 (circulated previously).

The Head of Resources outlined the work programme. He advised that the update on Governance arrangements would be reviewed after six months together with the 21:21 Phase two report in November 2019. The update in relation to Business Continuity would be presented to the meetings in September 2019 and January 2020 with the Head of Environmental Health and Housing Services and the Business Information Systems Manager in attendance.

The External Auditor advised that the External Audit progress report and Sector update would not be presented at the meeting in July 2019

RESOLVED, that the work programme for 2019/20 be noted.

Chairman

The meeting ended at 7.50 pm

NOTE: These minutes will be confirmed as a correct record at the next meeting of the Committee.

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REPORT TO: GOVERNANCE COMMITTEE
DATE: 22 JULY 2019
TOPIC: COMPENSATION PAYMENTS
**REPORT BY: CUSTOMER AND CORPORATE COMMUNICATIONS
MANAGER**

1 INTRODUCTION

1.1 This is the six monthly report on compensation payments made to customers through the complaints process from January – June 2019.

2 RECOMMENDATIONS

2.1 Members note the report.

3 REASONS FOR RECOMMENDATIONS

3.1 To keep Members informed of payments made.

4 REPORT

4.1 The existing constitution (Article 6) gives delegated powers to Officers to agree compensation payments following investigation through our complaints procedures, subject to consent from the Chief Financial Officer and Customer and Corporate Communications Manager.

4.2 A total of £225.80 has been paid out to 10 customers - nine in relation to waste and recycling (W&R) and one in relation to a direct debit for council tax.

4.3 The amount of compensation paid out depends on how often the customer was affected, how much disruption it caused them and how much time and trouble was spent making the complaint.

4.4 The Local Government and Social Care Ombudsman guidance advises that the remedy should be appropriate and proportionate to the harm done. Offering compensation is only done in exceptional circumstances. The vast majority of complaints are dealt with without compensation being offered.

4.5 See appendix A for details of the complaints.

5 RESOURCE IMPLICATIONS

5.1 Any payments were contained within the existing budget held by the relevant service.

6 EQUALITY and HUMAN RIGHTS

6.1 None.

7 CONSTITUTIONAL CONTEXT

Article or Appendix and paragraph	Referred or delegated power?	Key decision?
9b, para 9.5	Delegated	No

8 STATEMENT OF CONFIDENTIALITY

8.1 This report contains no confidential information or exempt information under the provisions of Schedule 12A of 1972 Act.

9 BACKGROUND PAPERS

9.1 The following background papers were used in the preparation of this report:

- financial records and / or
- complaint files.

The background papers are available for inspection and kept by the author of the report.

10 STATEMENT OF INTERNAL ADVICE

10.1 The author (below) confirms that advice has been taken from all appropriate Councillors and officers.

Author: Claire Holm

Date: 11 July 2019

Reference: T:\CS ADMIN TEAM\Complaints\Compensation payments

Appendix A

Team	Date	Amount	Reason
Recycling	29/01/19	16.50	Persistent missed recycling
Domestic Refuse	29/01/19	16.50	Persistent missed garden waste
Domestic Refuse	13/03/19	5.00	Persistent missed garden waste
Revenues and Benefits	08/05/19	88.80	Incorrectly setting up a direct debit
Domestic Refuse	08/05/19	10.00	Not following complaints procedure
Domestic Refuse	15/05/19	20.00	Persistent missed black bin collections
Domestic Refuse	30/05/19	36.00	Persistent missed recycling and garden waste
Domestic Refuse	13/06/19	36.00	Persistent missed garden waste
Domestic Refuse	27/06/19	25.00	Persistent missed black bin collections
Domestic Refuse	27/06/19	10.00	Persistent missed assisted black bin collections
		<u>225.80</u>	

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The Audit Findings for North Devon District Council

This version of the report is a draft. Its contents and subject matter remain under review and its contents may change and be expanded as part of the finalisation of the report.

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12 July 2019



Contents



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Section

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3. Value for money
4. Independence and ethics

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Appendices

- A. Follow up of prior year recommendations
- B. Fees

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Headlines

This table summarises the key findings and other matters arising from the statutory audit of North Devon District Council ('the Council') and the preparation of the Council's financial statements for the year ended 31 March 2019 for those charged with governance.

<p>Financial Statements</p>	<p>Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the Council's financial statements:</p> <ul style="list-style-type: none"> • give a true and fair view of the financial position of the Council and its income and expenditure for the year; and • have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014. <p>We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p>	<p>Most areas of work are in progress or subject to internal quality review procedures. These include:</p> <ul style="list-style-type: none"> • Journals testing – management override of control • Revaluation of land and buildings including assessment of fair value • Valuation of the net pension fund liability and review of Mc Cloud assumptions • Operating expenses • Employee remuneration • Other revenues • Property, plant and equipment • Debtors • Creditors • Other disclosures.
<p>Value for Money arrangements</p>	<p>Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report if, in our opinion, the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VFM) conclusion').</p>	<p>Our work is currently in progress..</p>
<p>Statutory duties</p>	<p>The Local Audit and Accountability Act 2014 ('the Act') also requires us to:</p> <ul style="list-style-type: none"> • report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and • To certify the closure of the audit. 	<p>We have not exercised any of our additional statutory powers or duties</p>

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

Summary

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Council's business and is risk based, and in particular included:

- An evaluation of the Council's internal controls environment, including its IT systems and controls;

- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

We have not had to alter or change our audit plan, as communicated to you on 5 March 2019.

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Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality calculations remain the same as reported in our audit plan. We detail in the table below our determination of materiality for North Devon District Council.

	Amount (£)	Qualitative factors considered
Materiality for the financial statements	1,153k	Based on 2% for your gross revenue expenditure for the year
Performance materiality	865k	Using 75% of materiality to reflect our assessment of risk
Trivial matters	58k	5% of materiality
Materiality for Senior Officer Remuneration	50k	Potential public interest in these figures

Agenda Item 7

Significant findings – audit risks

Risks identified in our Audit Plan

Commentary

1

The revenue cycle includes fraudulent transactions (Rebutted)

Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.

Auditor commentary

Having reconsidered the risk factors set out in ISA240 and the nature of the revenue streams at the Council since issuing the Audit Plan, we have determined that the risk of fraud arising from revenue recognition can still be rebutted, because:

- there is little incentive to manipulate revenue recognition
- opportunities to manipulate revenue recognition are very limited
- The culture and ethical frameworks of local authorities, including North Devon District Council, mean that all forms of fraud are seen as unacceptable

Therefore we do not consider this to be a significant risk for North Devon District Council.

2

Management override of controls

Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.

We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.

Auditor commentary

Our work in regards to this area is currently in progress.

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Significant findings – audit risks

Risks identified in our Audit Plan

Commentary

3 Valuation of land and buildings Auditor commentary

The Authority revalues its land and buildings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (over £80 million) and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Authority's financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, where a rolling programme is used.

Work in progress

We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.

4 Valuation of pension fund net liability Auditor commentary

The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.

Our work in progress on the pension fund net liability, this includes reviewing the actuary's treatment of the provision for the Guaranteed Minimum Pension (GMP) equalisation.

The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£63 million in the Authority's balance sheet) and the sensitivity of the estimate to changes in key assumptions.

We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.

Significant findings - other issues

Issue	Commentary	Auditor view
<p>Potential impact of the McCloud judgement</p> <p>The Court of Appeal has ruled that there was age discrimination in the judges and firefighters pension schemes where transitional protections were given to scheme members.</p> <p>The Government applied to the Supreme Court for permission to appeal this ruling, but this permission to appeal was unsuccessful. The case will now be remitted back to employment tribunal for remedy.</p> <p>The legal ruling around age discrimination (McCloud - Court of Appeal) has implications not just for pension funds, but also for other pension schemes where they have implemented transitional arrangements on changing benefits.</p>	<p>Discussion is ongoing in the sector regarding the potential impact of the ruling on the financial statements of Local Government bodies.</p> <p>It is our view this relates to a past event with an obligation and so should be reflected within the pension liability in the accounts.</p> <p>The Council has requested an estimate from its actuary of the potential impact of the McCloud ruling. The actuary's estimate was of a possible increase in pension liabilities of £1,039k.</p> <p>Management's view is that the impact of the ruling is not material for North Devon District Council, and will be considered for future years' actuarial valuations.</p>	<p>Our work in this area is currently in progress. We are in the process of challenging management on the assumptions made by the actuary, accuracy around supporting data and information that the assumptions have been based on.</p>

Other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

	Issue	Commentary
①	Matters in relation to fraud	<ul style="list-style-type: none"> We have previously discussed the risk of fraud with the Governance Committee. We have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit procedures to date..
②	Matters in relation to related parties	<ul style="list-style-type: none"> We are not aware of any related parties or related party transactions which have not been disclosed
③	Matters in relation to laws and regulations	<ul style="list-style-type: none"> You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work to date.
④	Written representations	<ul style="list-style-type: none"> A letter of representation will be requested from the Council, which will be included in the Governance Committee papers.
⑤	Confirmation requests from third parties	<ul style="list-style-type: none"> We requested from management permission to send confirmation requests for bank and investment balances. This permission was granted and the requests were sent.– Audit work is in progress We requested from management permission to send confirmation requests to the pension fund auditor. This permission was granted and the requests were sent. Audit work is in progress
⑥	Disclosures	<ul style="list-style-type: none"> Our audit work is still in progress.
⑦	Audit evidence and explanations/significant difficulties	<ul style="list-style-type: none"> All information and explanations requested from management was provided to date, our audit work is still in progress.

Other responsibilities under the Code

Issue	Commentary
<p>1 Other information</p>	<ul style="list-style-type: none"> We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. <p>Our work is still in progress</p>
<p>2 Matters on which we report by exception</p>	<p>We are required to report on a number of matters by exception in a numbers of areas:</p> <ul style="list-style-type: none"> If the Annual Governance Statement does not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the other information of which we are aware from our audit If we have applied any of our statutory powers or duties <p>Our work is still in progress</p>
<p>3 Specified procedures for Whole of Government Accounts</p>	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <ul style="list-style-type: none"> Note that work is not required as the Council does not exceed the threshold.
<p>4 Certification of the closure of the audit</p>	<p>Our work is still in progress</p>

Value for Money

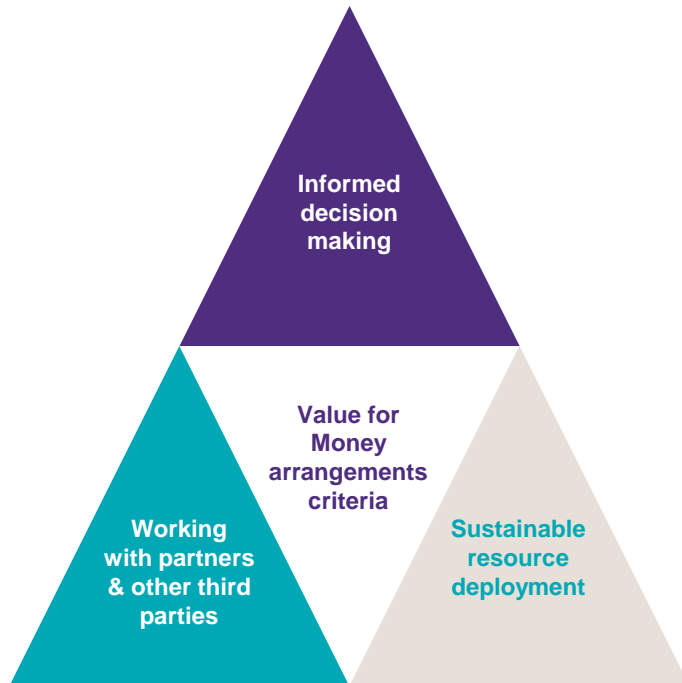
Background to our VFM approach

We are required to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VFM) conclusion.

We are required to carry out sufficient work to satisfy ourselves that proper arrangements are in place at the Council. In carrying out this work, we are required to follow the NAO's Auditor Guidance Note 3 (AGN 03) issued in November 2017. AGN 03 identifies one single criterion for auditors to evaluate:

"In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people."

This is supported by three sub-criteria, as set out below:



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Risk assessment

We carried out an initial risk assessment in January 2019 and identified a number of significant risks in respect of specific areas of proper arrangements using the guidance contained in AGN03. We communicated these risks to you in our Audit Plan dated 21 February 2019.

We have continued our review of relevant documents up to the date of giving our report, and have not identified any further significant risks where we need to perform further work.

We carried out further work only in respect of the significant risks we identified from our initial and ongoing risk assessment. Where our consideration of the significant risks determined that arrangements were not operating effectively, we have used the examples of proper arrangements from AGN 03 to explain the gaps in proper arrangements that we have reported in our VFM conclusion.

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Value for Money

Our work

AGN 03 requires us to disclose our views on significant qualitative aspects of the Council's arrangements for delivering economy, efficiency and effectiveness.

We have focused our work on the significant risks that we identified in the Council's arrangements. In arriving at our conclusion, our main considerations were:

- How reasonable the assumptions made by the Council were in its latest Medium Term Financial Strategy
- What are the arrangements for monitoring and reporting on the 21:21 Transformation Programme.

Our VFM work is currently being finalised.

Recommendations for improvement

We discussed findings arising from our work with management and have agreed recommendations for improvement.

Significant difficulties in undertaking our work

We did not identify any significant difficulties in undertaking our work on your arrangements which we wish to draw to your attention.

Significant matters discussed with management

There were no matters where no other evidence was available or matters of such significance to our conclusion or that we required written representation from management or those charged with governance.

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

	Significant risk	Findings	Conclusion
1	<p>Financial sustainability</p> <p>The Council has recently refreshed its Medium Term Financial Strategy (MTFS). This shows a cumulative budget gap of £666k by 2022/23</p>	<ul style="list-style-type: none"> • Work currently being finalised 	
2	<p>21:21 Programme</p> <p>The 21:21 Transformation Programme is a significant project for the Council and is critical to the way it will deliver its services in the medium term.</p>	<ul style="list-style-type: none"> • Work currently being finalised 	

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2017 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix D

Audit and Non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The following non-audit services were identified, as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

	Fees £	Threats identified	Safeguards
Audit related			
Certification of Housing benefits grant	21,253	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is estimated to be £21,253 in comparison to the total fee for the audit of £36,499 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is an indicative fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Non-audit related - None			

These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. All services have been approved by the Governance Committee. None of the services provided are subject to contingent fees.

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Follow up of prior year recommendations

We identified the following issues in the audit of North Devon District Council's 2017/18 financial statements, which resulted in three recommendations being reported in our 2017/18 Audit Findings report.

	Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
1	✓	The Council must develop realistic savings plans to bridge the budget gap of £616k over the 2019/20 to 2021/22 period.	<ul style="list-style-type: none"> A balanced budget was set for 2019/20. The Medium Term Financial Strategy identifies budget gaps totalling £666k in 2020/21 to 2022/23, which have been considered as part of our VFM work.
2	✓	The Council should introduce regular reporting to members on individual projects within the 21:21 Programme, and on the Programme as a whole. This should include details of whether schemes are delivering the savings that had been projected.	<ul style="list-style-type: none"> Our work in this area is still in progress as it is part of our VFM work.
3	✓	Management should ensure that a detailed fair value review and assessment of all assets is undertaken by the valuer between the formal valuation date and the year end. This should take into consideration all movements in industry indices and local market conditions.	<ul style="list-style-type: none"> Our work in this area is still in progress.

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Assessment

- ✓ Action completed
- X Not yet addressed

Fees

We confirm below our final fees charged for the audit and provision of non-audit services.

Audit Fees

	Proposed fee	Final fee
Council Audit	36,499	36,499
Total audit fees (excluding VAT)	£36,499	£36,499

- There has been additional work carried out due to the McCloud pensions judgement and the subsequent impact of the LGPS pension liability. Potential additional fee related to this work will be discussed with management and will have to be agreed with PSAA.

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Non Audit Fees

Fees for other services	Fees £
Audit related services:	
• Certification of Housing benefits grant	21,253
Non-audit services	-
	£21,253

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Our ref: North Devon DC letter of rep
Please ask for: Jon Triggs
Tel: 01271 388221
Email: jon.triggs@northdevon.gov.uk
Date: 24 July 2019



Grant Thornton UK LLP
2 Glass Wharf
Temple Quay
Bristol
BS2 0EL

Dear Sirs

**North Devon District Council
Financial Statements for the year ended 31 March 2019**

This representation letter is provided in connection with the audit of the financial statements of North Devon District Council for the year ended 31 March 2019 for the purpose of expressing an opinion as to whether the Council financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.



INVESTOR IN PEOPLE

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- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. There are no other material judgements that need to be disclosed.
- vi. Except as disclosed in the financial statements:
 - a. there are no unrecorded liabilities, actual or contingent
 - b. none of the assets of the Council has been assigned, pledged or mortgaged
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- vii. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x. We have considered the unadjusted misstatements schedule included in your Audit Findings Report. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Council and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.
- xi. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiii. We believe that the Council's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

Information Provided

- xiv. We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the Council financial statements such as records, documentation and other matters;

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- b. additional information that you have requested from us for the purpose of your audit; and
 - c. unrestricted access to persons within the Council from whom you determined it necessary to obtain audit evidence.
- xv. We have communicated to you all deficiencies in internal control of which management is aware.
- xvi. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xvii. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xviii. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council and involves:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
- xix. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xx. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxi. We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.
- xxii. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

- xxiii. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

- xxiv. The disclosures within the Narrative Report fairly reflect our understanding of the Council's financial and operating performance over the period covered by the Council financial statements.

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Approval

The approval of this letter of representation was minuted by the Council's at its meeting on **24 July 2019**.

Yours faithfully

Name Jon Triggs
Position Head of Resources
Date 24 July 2019

Name Councillor Frank Biederman
Position Chairman of Council
Date 24 July 2019

Signed on behalf of the Council



NORTH DEVON DISTRICT COUNCIL

REPORT TO: GOVERNANCE COMMITTEE

Date: 8th July 2019

TOPIC: AUDIT RECOMMENDATION TRACKER

REPORT BY: HEAD OF CORPORATE AND COMMUNITY SERVICES

1 Introduction

- 1.1 This is the regular progress report to the Committee in relation to action taken to address internal and external audit recommendations.

2. Recommendations

- 2.1 That the Committee note the actions that have been taken to address identified risks since the 11th June Governance Committee meeting.
- 2.2 That the Committee raises any areas of concern arising from the list of outstanding recommendations.

3. Reasons for Recommendations

- 3.1 To give assurance to the Committee that audit recommendations are being actively managed, and to give the Committee a full opportunity to review any areas of concern.

4. Report

- 4.1 SMT has reviewed the high and medium risk audit recommendations to assess progress and instigate any required actions.
- 4.2 Since the last meeting the number of recommendations now tracked has remained at 1,195.

5. Progress tracking of Annual Governance Statement

5.1 An annual review of NDC's governance arrangements leads to the Annual Governance Statement, which forms part of the Statement of Accounts.

5.2 In addition to any other issues the review captures recommendations from external and internal audit and inspections and sets out an action plan. This plan is tracked through Covalent.

2013/14 AGS action plan is 98 % complete

2014/15 AGS action plan is 96 % complete

6. Constitution Context

Appendix and paragraph	Referred or delegated power?
5.5	Delegated

7. Statement of Internal Advice

7.1 The author (below) confirms that advice has been taken from all appropriate Councillors and officers.

Author: Sarah Higgins Date: 8th July 2019
Reference: Audit Recommendation Report July 2019 V.1.1



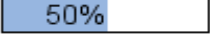
Table A) Live Audit Reports, Status & Numbers

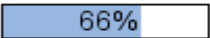


Code	Title	Status	Progress	High Risk	Medium Risk	Low Risk
14 AP	Action Plan 2013/14	In Progress	92%	0	1	1
14 E&D	Equality & Diversity 2013/14	In Progress	50%	0	1	2
15 AH	Affordable Housing 2014/15	Overdue	93%	0	1	4
15 DR	Disaster Recovery 2015/16	In Progress	89%	0	6	0
15 HN (CBL)	Housing Needs (Choice Based Lettings) 2015/16	In Progress	80%	0	1	0
15 PSR (DFG)	Private Sector Renewal (Disability Facilities Grants) 2015/16	In Progress	90%	0	1	2
16 BCM	Business Continuity Management 2015/16	Overdue	93%	0	8	1
16 HN (CBL)	Housing Needs (Choice Based Lettings) 2016/17	In Progress	85%	0	0	5
16 PL	Planning Applications 2015/16	In Progress	91%	0	3	0
16 SP	Severance Packages 2015/16	In Progress	50%	0	1	1
17 ITAM	IT Asset Management 2016/17	In Progress	87%	1	6	0
17 C&P	Commissioning and Procurement 2017/18	In Progress	66%	0	2	1
17 CS	Cyber Security 2016/17	Overdue	78%	0	3	3
17 SRR	Security Review Report 2017/18	In Progress	95%	4	5	0
17 L	Licencing 2017/18	In Progress	75%	0	1	3
17 G	Grants 2017/18	In Progress	85%	0	2	5
17 PO	Parking Operations 2017/18	In Progress	75%	0	2	0
18 CC	Cash Collection	In Progress	0%	0	0	1
19 E&ES	Email & Exchange Server 2018/19	Overdue	66%	0	3	1
19 GDPR	General Data Protection Regulations 2018/19	Overdue	49%	0	0	7
19 MAS & BC	Main Accounting System and Budgetary Control 2018/19	Overdue	0%	0	0	1

Table B) Audit recommendations setting completed since the last Audit Committee

Recommendation	Closure Note	Original Due Date	Completed Date
16 BCM 05 Alignment to the IT Disaster Recovery Plan	A service specification has now been completed. Documentation which details service resumption times which have been agreed by SMT.	30-Apr-2019	30-May-2019
16 C & CE 02 Due Diligence of Consultants	The amended Constitution was adopted by Full Council at its meeting on 15 April 2019 which incorporated the Contract Procedural rules	31-Jan-2019	22-May-2019
17 C&P 02 Effective Use of Procurement Portal	Apprentice now employed. Training ongoing.	30-Apr-2019	30-May-2019
17 C&P 03 Analysis of Key Supplier Spend	A report detailing supplier totals (and detail) for the year 18-19 has been sent to the Procurement team. They will also receive reports on a monthly basis from now on. They will be able to use the spreadsheet data to check and challenge compliance with Contract Procedure rules.	31-Mar-2019	30-May-2019
17 G 01 Historic grant funding agreements	The North Devon Biosphere SLA has been approved and a copy uploaded to this action.	31-Dec-2018	31-May-2019

Table C) Outstanding Audit Recommendations where Head of Service have requested a revision to the due date

Code	Description	Progress	Latest Note	Original Due Date	Due Date
16 BCM 07 Testing Strategy	<p>A testing strategy should be documented and included as an Appendix within the Business Continuity Management Policy. The strategy should include:</p> <ul style="list-style-type: none"> . Frequency of testing . Type of testing . People to involve in testing . Output of the testing . Production of action plans Reporting mechanism of test results. 		<p>03-Jul-2019 Testing not yet underway. This is a situation which has arisen following the departure from the authority of Amanda Palmer. Future testing will be dependent upon the procurement of new resources. Due to budgetary pressures a restructure of EHHS has recently been undertaken which has resulted in the provision of a new 'Emergency Planning Officer' post which will be of significant benefit to the Council. Testing expected to be achieved in 2019/20 dependent upon successful recruitment to the above mentioned post. Recommended extension until 30 April 2020.</p> <p>Request revised due date: 30th April 2020</p>	30-Jul-2016	30-Apr-2019
17 CS 04 Policy Development and Awareness	<p>The Council should develop a mobile device and remote access control working policy (to include Smartphones and Tablets) to be agreed and disseminated to all staff throughout the organisation. Alternatively this could be incorporated into the IT security policy.</p> <p>The Information Security Policy should also be updated to reflect the Council's current minimum password controls as set within Active Directory. This should then be disseminated throughout the organisation to ensure all additional applications that have access controls outside of Active Directory adhere to these requirements.</p>		<p>31-May-2019 Extension of Time Request: Home Working Policy now with HR in draft form, this will need to be presented to Workforce Matters for their consideration and aligned to the roll out of new assets to all staff.</p> <p>Request revised due date: 31 Dec 2019</p>	31-Mar-2018	31-Mar-2019
18 CC 01 Processing Payments	<p>The Debt Recovery policy should be reviewed as practicably soon as possible. The Council should also consider implementing a version control within</p>		<p>04-Jul-2019 Policy requires a few minor changes to bring up to date.</p>	30-Jun-2019	30-Jun-2019

	the Electronic payments policy, to aid in development of policy review timescales.		Request revised due date: 29th Sept 2019		
19 E&ES 01 Email Policy	Continued awareness raising and refresher training on Council policy should be undertaken annually as a minimum. This could be in the form of emails to staff, updates on the intranet or formal training sessions. Management should consider revising the line in section 5.2 of the policy which reads "Any email which has a subject line of "Unison Private and Confidential" will not be inspected". To provide further clarification as to the Council's position in relation to the monitoring of emails and to ensure this caveat is not used inappropriately.		01-Jul-2019 Extension of Time Request: All emails users have been migrated to Office 365 and we used this as an opportunity to refresh staff on data security and retention. Good practice is communicated as a matter of course and also any potential scams that are doing the rounds to ensure staff don't open suspicious emails. The Email, Internet & Acceptable Usage Policy was updated in line with the new GDPR Regulations and extension of time has been requested to ensure that this reflects accurately the new security features that Office 365 now offers end users and the organisation as a whole. Request revised due date: 31 March 2020	31-May-2019	31-May-2019
19 GDPR 01 Action Plan/Continued Commitment to GDPR	The Council should look to develop a formal action plan to ensure a continued commitment to embedding the GDPR within the Councils BAU process. The plan should include an overview of: <ul style="list-style-type: none"> • what has been completed; • what needs to be completed; • projected implementation timescales; and • responsible officer for action, as an example. 		04-Jul-2019 The preparation of an action plan has been commenced and will be presented to IMAG and the Information Group for consideration and discussion. Request revised due date: 30 Nov 2019	31-May-2019	31-May-2019
19 GDPR 02 Management with HR consider Ongoing Training	Management in cooperation with the HR department should consider implementing a schedule of refresher training to ensure staff remain fully aware of their GDPR responsibilities. This can be in the		04-Jul-2019 HR (Nikki Gordon and Tracey Clapp) are investigating: <ul style="list-style-type: none"> • Whether the new payroll software (contract completed 27 June 2019) will 	31-May-2019	31-May-2019

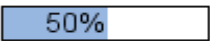
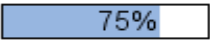

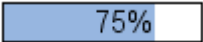
	<p>form of one to ones with the DP leads or as previously carried out, refresher workshops. The Council should also explore the possible introduction of an e-learning package which would enable them to incorporate all mandatory training into one easy to use application and allow them to manage and monitor staff compliance.</p>		<p>be able to provide means of delivering online training, for example through being able to upload videos of staff delivering training which can be accessed at any time. The kick off meeting for the new software is on 3 July 2019 with the aim for the new software to be used by April 2020. Consideration will need to be given to how the Council can monitor when staff have viewed these videos and whether there can be quiz type questions included too to make them more interactive.</p> <ul style="list-style-type: none"> • Whether the Council could potentially procure an e-learning provider Knowledgepool via the Crown Commercial framework agreement, including whether this is a pay as you go product which can be paid for by individual training budgets as and when a course is required given that the Council currently has no budget for e-learning. <p>Request revised due date: 30 Nov 2019</p>		
19 MAS & BC 01 Procedure notes	Procedures should denote the last review date and next date it is due for review to confirm, it is still fit-for-purpose.		04-Jul-2019 A few minor changes are required to bring up to date. Request revised due date: 29th Sept 2019	30-Jun-2019	30-Jun-2019
15 AH 04 Sites Group Terms of Reference should be reviewed / updated to reflect roles & responsibilities of the group	Sites Groups Terms of Reference Review The Terms of reference for the Council's Sites Group should be reviewed and updated to ensure that this reflects the current roles and responsibilities and membership of the group.		Moving forward specific project teams will be responsible for initiating, executing and controlling the works for all key developments. We recommend that this action is deleted.	31-Aug-2015	28-Jun-2019

Table D: Outstanding Audit Recommendations

Code	Description	Progress	Latest Note	Original Due Date	Due Date
NIL					

Table E: Annual Governance Statement

Code	Description	Status	Progress Bar	Latest Note	Original Due Date	Due Date
15 AGS 08	Complete audit recommendations to comply with agreed deadlines	 Overdue		22-May-2019 The Audit Recommendation Tracker provides a clear audit trail of how well services are delivering against their audit recommendations.	31-Mar-2016	31-Mar-2016

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Governance Committee Work Programme 2019/20

This work programme provides structure for the Audit Committee to ensure it receives reports and updates at the appropriate meetings throughout the year. It is reviewed and updated at each committee meeting.

	Jun 2019	Jul 2019	Sep 2019	Nov 2019	Jan 2020	Mar 2020
North Devon Council items						
Review of the Committee's Terms of Reference						
Annual Review of the Committee's effectiveness (JT)						
Half Yearly Report from the Chair of the Governance Committee (KJ).			Sept each year			March each year
Annual Governance Statement						
Statement of Accounts						
Letter of Representation (JT)						
Compensation payments made under delegated powers. (Jo T/Claire H)						
Corporate Risk Register (SH)						
Major changes to Accounting Policies Management procedures to be reported by the Head of Resources						
Update on Governance Arrangements						
21:21 Phase 2 Report (KM)						
Update on Business Continuity						

	Jun 2019	Jul 2019	Sep 2019	Nov 2019	Jan 2020	Mar 2020
Internal Auditor items						
Internal Audit Annual report			Moved from June 2019			
Internal Audit Strategy and Plan						
Internal Audit Charter						
Internal Audit Progress Report						
External Auditor items						
External Audit - Fee Letter						
External Audit - Findings Report						
External Audit - Annual Audit Letter						
External Audit - Plan						
Certification Work Report						
External Audit - Progress Report and Sector Update		Unavailable				
Standing Items						
Audit Recommendation Tracker						
Work Programme						