

Phil Norrey  
Chief Executive

---

To: The Chairman and Members of  
the Audit Committee

County Hall  
Topsham Road  
Exeter  
Devon  
EX2 4QD

(See below)

---

Your ref :  
Our ref :

Date : 22 June 2016  
Please ask for : Wendy Simpson, 01392 384383

Email: wendy.simpson@devon.gov.uk

## **AUDIT COMMITTEE**

**Thursday 30th June 2016**

A meeting of the Audit Committee is to be held on the above date at 2.00 pm in the Committee Suite, County Hall, Exeter EX2 4QD to consider the following matters.

P NORREY  
Chief Executive

## **A G E N D A**

### **PART I - OPEN COMMITTEE**

1 Apologies for Absence

2 Minutes

Minutes of the meeting held on 23 March 2016 (previously circulated).

3 Items Requiring Urgent Attention

Items which in the opinion of the Chairman should be considered at the meeting as a matter of urgency.

4 Annual Governance Statement (Pages 1 - 32)

Report of the Corporate Leadership Team (CS/16/19), attached.

5 Annual Internal Audit Report 2015-16 (Pages 33 - 70)

Report of the Head of Devon Audit Partnership (CT/16/65), attached.

6 External Audit Update (Pages 71 - 80)

Report of Grant Thornton (CT/16/66), attached.

7 Corporate Risk Management Group (Pages 81 - 94)

Report of the Head of Services to Communities (SC/16/9), attached.

Members are asked if they have any specific issues to raise on the register, other than general questions, please raise these with the Clerk prior to the meeting in order that the most appropriate officer can attend and answer those specific queries.

8 Future Meetings

Wednesday 7 September 2016 at 10.30am


Tuesday 22 November 2016 at 2pm

Tuesday 28 March 2017 at 2pm

**PART II - ITEMS WHICH MAY BE TAKEN IN THE ABSENCE OF PRESS AND PUBLIC ON THE GROUNDS THAT EXEMPT INFORMATION MAY BE DISCLOSED**

*Members are reminded that Part II Reports contain confidential information and should therefore be treated accordingly. They should not be disclosed or passed on to any other person(s). Members are also reminded of the need to dispose of such reports carefully and are therefore invited to return them to the Democratic Services Officer at the conclusion of the meeting for disposal.*

**MEMBERS ARE REQUESTED TO SIGN THE ATTENDANCE REGISTER**

<b>Membership</b>
Councillors R Edgell (Chairman), J Berry, F Biederman, C Clarence, A Hannan, D Hannon and B Hughes
<b>Declaration of Interests</b>
Members are reminded that they must declare any interest they may have in any item to be considered at this meeting, prior to any discussion taking place on that item.
<b>Access to Information</b>
Any person wishing to inspect any minutes, reports or lists of background papers relating to any item on this agenda should contact Wendy Simpson on 01392 384383. Agenda and minutes of the Committee are published on the Council's Website.
<b>Webcasting, Recording or Reporting of Meetings and Proceedings</b>
The proceedings of this meeting may be recorded for broadcasting live on the internet via the 'Democracy Centre' on the County Council's website. The whole of the meeting may be broadcast apart from any confidential items which may need to be considered in the absence of the press and public. For more information go to: <a href="http://www.devoncc.public-i.tv/core/">http://www.devoncc.public-i.tv/core/</a>
In addition, anyone wishing to film part or all of the proceedings may do so unless the press and public are excluded for that part of the meeting or there is good reason not to do so, as directed by the Chairman. Any filming must be done as unobtrusively as possible from a single fixed position without the use of any additional lighting; focusing only on those actively participating in the meeting and having regard also to the wishes of any member of the public present who may not wish to be filmed. As a matter of courtesy, anyone wishing to film proceedings is asked to advise the Chairman or the Democratic Services Officer in attendance so that all those present may be made aware that is happening.
Members of the public may also use Facebook and Twitter or other forms of social media to report on proceedings at this meeting. An open, publicly available Wi-Fi network (i.e. DCC) is normally available for meetings held in the Committee Suite at County Hall. For information on Wi-Fi availability at other locations, please contact the Officer identified above.
<b>Emergencies</b>
In the event of the fire alarm sounding leave the building immediately by the nearest available exit, following the fire exit signs. If doors fail to unlock press the Green break glass next to the door. Do not stop to collect personal belongings, do not use the lifts, do not re-enter the building until told to do so.
<b>Mobile Phones</b>
Please switch off all mobile phones before entering the Committee Room or Council Chamber
If you need a copy of this Agenda and/or a Report in another format (e.g. large print, audio tape, Braille or other languages), please contact the Information Centre on 01392 380101 or email to: <a href="mailto:centre@devon.gov.uk">centre@devon.gov.uk</a> or write to the Democratic and Scrutiny Secretariat at County Hall, Exeter, EX2 4QD.
 Induction loop system available

- a)
- b)



## **GOOD GOVERNANCE IN LOCAL GOVERNMENT**

Report of the Corporate Leadership Team

**Recommendation:** that the draft Governance Statement for 2015/16 be approved;

1. The Council is required, annually, to prepare and publish a governance statement in accordance with CIPFA/SOLACE guidance and comply with Regulation 6 of the Accounts and Audit (England) Regulations 2015. The Council is required to publish the statement alongside the Annual Statement of Accounts.
2. This is the ninth year for which the Council has been required to produce a Governance Statement and the attached draft has, as is usual, been produced in line with the previous year's versions, focusing on the six core principles of the CIPFA/SOLACE guidance which form the basis of the accompanying, detailed, schedule. The County Council's External Auditors, Grant Thornton, have previously reaffirmed the need for an Annual Governance Statement in this format.
3. In line with advice from the External Auditor the Annual Governance Statement should be considered and signed-off by this Committee in parallel with the Council's Statement of Accounts.
4. In recommending the adoption of the attached Annual Governance Statement the Corporate Leadership Team and Heads of Service confirm that the organisational, financial, compliance and operational key controls referred to therein and the accompanying schedule continue to be appropriate and that statements of internal control which support the content of this Statement have operated, effectively, during 2015/16.
5. This Report and the accompanying Statement have no specific equality, sustainability, public health or legal implications that are not already covered by or subsumed within the detailed policies or actions referred to therein.

**[Electoral Divisions: All]**

Local Government Act 1972: List of Background Papers

Contact for Enquiries: D Looker  
Tel No: 01392 382232 Room: G31

<u>Background Paper</u>	<u>Date</u>	<u>File Reference</u>
Nil		

# Agenda Item 4

## **DEVON COUNTY COUNCIL Annual Governance Statement 2015/16**

### **Scope of Responsibility**

Devon County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. Devon County Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs so as to facilitate the effective exercise of its functions and manage risk.

The County Council has approved and adopted a code of corporate governance which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government.

A copy of these codes can be obtained from the County Treasurer. This statement explains how the Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations 2015.

### **Purpose of the Governance Framework**

The governance framework comprises the systems and processes and culture and values by which the Council is directed and controlled; also the activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks not being realised - and the impact should they be realised - and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Council for the year ended 31 March 2016 and up to the date of approval of the Statement of Accounts.

Satisfactory controls to support statements made in this Annual Governance Statement are essential and in endorsing it the Council's officers confirm that input to systems and processing of transactions is complete for the financial year ended 31 March 2016 and that there were no material or significant delays or backlogs of either input or processes that would result in financial or other records being incomplete.

The Council's financial management arrangements also conform with the CIPFA/Solace guidance on the role of the Chief Financial Officer in Local Government (2010), enabling the County Treasurer to operate in line with the 5 principles set out in the 'Application Note Delivering Good Governance in Local Government: A Framework' to operate effectively and perform her core duties demonstrating commitment to good practice in governance and financial management.

## **The Governance Framework – The Council's Constitution**

The Constitution is fundamental to the working of the County Council, transcending the six core principles of corporate governance in the CIPFA/SOLACE Framework which form the basis of the response set out in the attached schedule.

The Constitution is the Council's Code of Corporate Governance. Framed in accordance with statute and Government guidance and evolved in the light of experience and subsequent legislation, it sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people.

The Constitution is the guarantor of the continuing openness, accountability and integrity of the Council's decision-making processes and sets a series of exacting standards against which the Council's actions can be judged and, if necessary, challenged.

The Constitution is at the heart of the Council's business:

- it allocates power and responsibility within the Council and between it and partner organisations;
- it delegates authority for specific issues to act to the Leader, Committees, Cabinet Members and officers;
- it enables the people of Devon to ask questions at certain meetings and to have them answered or submit petitions;
- it sets down the procedures by which the people of Devon may give their views on the key decisions which the Council's Cabinet is to take;
- it regulates the behaviour of individuals and groups through codes of conduct, protocols and standing orders.

The Constitution comprises 16 Articles setting out the basic rules governing all aspects of the working of the Council (Part 2) and is then divided up into:

- the elements which define the Council's internal organisation, standing orders, financial regulations, schemes of delegation and terms of reference, procedures covering Cabinet and Scrutiny, Risk Management and Codes of Conduct (Parts 3–9);
- working practices which supplement these formal rules (Part 10);
- documents which focus on the Council's external operation through service delivery, community engagement and partnership working (Part 11).

In formulating its Constitution in 2002, the Council adhered closely throughout to the framework presented in Government's *Modular Constitutions for English Local Authorities*, enabling it to produce a constitution which was logical, integrated and accessible to members, officers, citizens and others interested in the way a local authority makes decisions and governs itself and its area. Then and subsequently, wherever legislation permitted local choice, the Council has framed its Constitution to take advantage of the most open and inclusive of the available options.

The Constitution is designed to meet all the necessary statutory requirements for instruments of governance and to include matters traditionally covered by local authority standing orders, financial regulations, schemes of delegation and terms of reference. It also contains the elements necessary to describe the Council's executive arrangements in a single, coherent document which can be used as a comprehensive point of reference by individuals and organisations inside and outside the Council. All the familiar elements can be found in the Constitution and the Council has sought to use the model format to create a genuinely accessible, meaningful instrument of governance.

# Agenda Item 4

The Council is committed to involving the community in setting its priorities, enabling citizens to raise matters with and convey their concerns to the Council and to considering the needs of all groups in the community and promoting democratic understanding and participation. The Council's Constitution provides that framework.

## **Review of Effectiveness**

The County Council's Constitution has been in force since 2002 and is regularly reviewed having been substantially amended in 2012/13 reflecting the requirements of the Localism Act and revised Standards arrangements. Minor changes were made in 2014/15 to reflect new regulations affecting, inter alia, the issuing of summonses at Council meetings electronically, dismissal of statutory chief officers and recording of officer decisions and also to the Council's public participation scheme. Except for annual revisions of the Pay Policy Statement and Chief Officer Employment Procedure Rules no significant changes were made in 2015/16.

The Constitution is published on the County Council's website at <http://www.devon.gov.uk/constitution.htm> and is also available for Inspection at the Council's offices.

The County Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including systems of internal control. This review of effectiveness is informed by the work of managers within the authority who have a responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

Details of processes applied in maintaining and reviewing the effectiveness of the governance framework are summarised below.

## **The Constitution**

The roles and responsibilities of the Council, its Cabinet and non-Cabinet Members are set out more fully in Articles 6 and 7 of the Constitution and in Part 3 (Responsibility for Functions). These have been regularly reviewed and revised since the County Council elections in 2009 and are themselves balanced by the Codes of Personal Conduct set out at Part 6 of the Constitution.

The Council currently comprises 62 councillors, meeting together as the full Council for specific purposes, to decide the Council's overall policies and set the budget each year. Meetings of the Council and its Committees are normally open to the public. The Council appoints the Leader, Scrutiny Committees, the Standards Committee and all other committees. The Council receives the minutes of committees, and has power to vary or refer back decisions which are outside established policy. From time to time it also debates issues of particular relevance or topicality for the County.

## **The Cabinet**

The Cabinet is the part of the Council responsible for most day-to-day decisions. It is made up of a Leader and no more than nine other members (Cabinet Members), appointed by the Leader from amongst the membership of the Council. When major decisions are to be discussed or made, these are published in the Cabinet's Forward Plan in so far as they can be foreseen. These major decisions will be taken with council officers present at meetings of the Cabinet which will be open to the public except where personal or confidential information is discussed. The Cabinet has to make decisions which are in line with the Council's overall policies and budget. If it wishes to make a decision which is outside the budget or policy framework, this matter must be referred to the full Council to decide.



## **The Scrutiny Function**

Scrutiny Committees support the work of the Cabinet and the Council as a whole. They look at the effectiveness of the Council's own policies and inquire into matters of local concern. These investigations lead to reports and recommendations which advise the Cabinet and the Council on its policies, budget and service provision. Scrutiny Committees also monitor the Cabinet's decisions. They may "call-in" a decision which has been made by the Cabinet but not implemented. This enables them to consider whether the decision is appropriate and they may recommend that the Cabinet reconsiders it. They may also be consulted by the Cabinet or the Council on forthcoming decisions and the development of policy. An Annual Scrutiny Report is also prepared for and considered by the County Council.

The Health & Wellbeing Scrutiny Committee also monitors the function and activity of the Devon Health & Wellbeing Board and its statutory responsibility for the Joint Health and Wellbeing Strategy, the Joint Strategic Needs Assessment and the Pharmaceutical Needs Assessment.

Scrutiny Committees aim to operate in a non-partisan way which it is believed has served both the electorate and the Council well in line with the Constitution and the Council's protocol governing relationships between the Cabinet and Scrutiny Committees. Members of the Council may place items on the agenda of any Scrutiny Committee, a right which has always effectively existed in the Constitution since it was first adopted in 2002, reflecting the requirements of the Local Government & Public Involvement in Health Act and its definition of '*any local government matter*'.

It is widely acknowledged that, in order to be effective, call-ins must be used only in exceptional circumstances, sparingly and appropriately. In the year in question there were three instances of call-ins, which reinforce the independence and value of scrutiny in applying an 'external' view on decisions.

The Cabinet and Corporate Leadership Team remain appreciative of the work undertaken by the Scrutiny Committees and acknowledge that it has made a major contribution to the work of the Council, especially in areas where detailed objective research and analysis needed to be done.

Additionally and in the move towards a commissioning authority, scrutiny needs to continue to exercise influence through asking questions about delivery mechanisms, quality, monitoring, safety and responsiveness as an appreciative inquiry where problems are analysed and understood as a precursor to improvement and change rather than punitive action. Recognising this change to the way that Council services are delivered, the Corporate Services Scrutiny Committee established a Task Group in September 2015 to review the role of scrutiny in the Council's commissioning arrangements. The Task Group found that although there was evidence of scrutiny involvement in commissioning processes and in the monitoring of commissioned services, this was inconsistent across the Council's service areas. In response to this the Task Group recommended that a Scrutiny and Commissioning Protocol be established to clarify the role of scrutiny in commissioning processes, that scrutiny be enabled to hold joint venture partners and large providers to account through the inclusion of a contract clause requiring certain providers to attend and answer questions at Scrutiny Committee, and to strengthen scrutiny's role in the performance monitoring of joint venture partners and large providers.

More detailed information on the work of the County Council's scrutiny committees may be found in the various scrutiny annual reports available at <http://new.devon.gov.uk/democracy/committee-meetings/scrutiny-committees/scrutiny-annual-reports/>.

## **Organisational Performance**

The continuing impact of the Government's reform of the public realm services' (see below) has influenced the Authority's current and future performance. It is likely that a more flexible

# Agenda Item 4

organisational structure to respond to those challenges and better equip and position the Council to focus on its future strategic commissioning responsibilities will be required, as Government policy decisions impact on the Council.

The County Council had previously received an *inadequate* judgement from Ofsted following an unannounced inspection under section 136 of the Education and Inspections Act 2006 on the overall effectiveness of the arrangements in Devon to protect children. In February 2015 Ofsted undertook a month long unannounced inspection of the County Council's children's services. This included child protection, fostering and adoption, Integrated Children's Services and the Devon Safeguarding Children Board. The resulting judgement of the Ofsted Inspection published in May 2015 found that children's services in Devon *required improvement*, Ofsted having thereby acknowledged that there were no widespread or serious failures that create or leave children being harmed or at risk of harm and the welfare of looked after children is safeguarded and promoted and minimum requirements are in place. The Report's findings highlighted improvements in the quality of work and outcomes for children and families and that the welfare of looked after children was safeguarded and promoted.

On the 1 March 2016 the County Council received [a letter](#) from Children's Minister Edward Timpson stating that the Department for Education had ceased its formal intervention arrangements for children's services in Devon. In his letter the Minister said 'the services provided to children, young people and their families in Devon have improved significantly and the County Council can now be an example to other struggling authorities of how to bring about improvement.' The Minister cited strong leadership; a shared vision for children's services; success in workforce recruitment; improved audit and quality assurance systems and the more effective use of data as being key factors as to the County Council's improvement. Devon however still needs to embed and sustain its improvements across the service and ensure consistency across the County.

The Council also agreed the following policy changes or revised strategic objectives during 2015/16 which will impact on future performance namely:

- (a) the draft joint submission of the Heart of the South West Devolution Proposal working in partnership with the 17 local authorities, 2 National Park Authorities, the Local Enterprise Partnership and the 3 Clinical Commissioning Groups.
- (b) the future delivery model for the Highway Maintenance Service being a Core Term Maintenance Contract supported by other discrete contracts
- (c) a new Fair and Affordable Care Policy
- (d) a revised Energy Policy, Strategy and Action Plan and a revised governance structure for environmental performance
- (e) a new Living Well at Home - Domiciliary Care Provision and Personal Care Services Contract.

## **The Standards Committee**

The Standards Committee continued to exercise its role in monitoring complaints and standards. The number of complaints received against Councillors remains small. There were no cases locally where a councillor was found to have been in breach of the Council's Code of Conduct.

Efficient, effective and ethical governance protects the public interest and the Council itself. Members and Officers are supported by a wide range of policies and Codes of Practice enunciated in the Council's Constitution and also by a wide range of training opportunities tailored to meet their needs. The Council's Governance Framework is reviewed annually and any issues for the future governance of the Council are highlighted and addressed at that time.

The work of the Standards Committee during 2015/16 is set out more fully in its [Annual Report](#) but there were no significant issues arising from members conduct, the Council's feedback and complaints process or the Local Government Ombudsman's Annual Review Letter which warranted further action.

## **The Audit Committee / Devon Audit Partnership**

The Council's Audit Committee monitors the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources including the work of the Council's Internal Audit team and the External Auditor and the application of the Council's Risk Management policy.

The Audit Committee continues to review separately, on a regular basis, progress with and implementation of any recommendations made in Audit Reports into specific areas of activity to ensure they have been adhered to and appropriate management action taken.

The Audit Committee has agreed a revised Risk Management Strategy to be implemented from 2016 which, whilst retaining much of the current strategy, builds on best practice from the UK office of Government Commerce and the Management of Risk Guidance.

The Audit Committee continues to respond to enquiries from the external auditors regarding the overall control environment of the Council, with particular focus on arrangements to ensure that the production of the financial statements were free of material error. It expressed concern over changes to CIPFA's Code of Practice, causing a significant increase in the value of the Council's highway infrastructure assets from £425 million to an estimated value of £8-9 billion. The reasoning behind and the potential impact the revaluing of local authority assets in line with CIPFA and government requirements, which involved valuing highway assets at the gross replacement cost, rather than as was previously the case, using historical costs and applying depreciation.

The Devon Audit Partnership was established by the Council in conjunction with Plymouth City and Torbay Councils in 2009 to provide shared internal audit services (as a means of improving services through joint working and maximising efficiencies and economies of scale) reporting to the new Devon Audit Partnership. The Partnership currently undertakes audit work for a number of District Councils, Devon and Somerset Fire and Rescue Service, Devon and Cornwall Police, the University of Plymouth and many other public authorities and planned to continue expanding on their work with external partners. The Partnership and democratic arrangements are working well and will continue to be reviewed.

## **The Investment and Pension Fund Committee**

Accounting arrangements require separate accounts to be prepared for the County Council and the Devon Pension Fund. Recognising the need for clear governance arrangements for managing these Accounts the Council's Investment & Pension Fund Committee undertakes the role of reviewing and approving the Pension Fund Annual Report, which incorporates the Statement of Accounts. The Devon County Council Audit Committee undertakes the role to review and approve the accounts of the Devon Pension Fund to ensure appropriate accounting policies were introduced in the same way as it is responsible for monitoring and approving the Council's main accounts.

2015/16 saw the establishment of the Devon Pension Board. The Pension Board will help to ensure that the Devon Pension Fund is managed and administered effectively and efficiently and ensure that it complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator. The Devon Pension Board (comprising employer and fund representatives with an independent member) has met three times. The operation of the Board will be kept under review.

## **Engagement and Participation**

The County Council has always prided itself on the work it does, over and above statutory consultations, to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the Council. Examples of this are the Council's Communications Strategy, the Devon Voice (Residents Panel), Parent Carers Voice, and the Tough Choices events held by the Leader of the Council across the County as part of a wider

# Agenda Item 4

exercise by the County Council to consult and involve local people in determining the Council's priorities.

## Education

The County Council is committed to improving the life-chances of all Devon's children and young people, especially the most vulnerable. Local authorities have a democratic mandate to champion the interests of their local communities and ensure that services work effectively for children, young people and families, regardless of whether they attended local authority-maintained schools and settings or others, such as academies, free schools and independent specialist settings. The County Council acts as Corporate Parent for all children in care and therefore has a particular interest in the progress and attainment and hence achievement of all looked-after children.

The County Council's ambition is that no Devon child, regardless of their circumstances, is allowed to underachieve or their progress fall behind. For this reason, the County Council is committed to on-going commissioning of robust challenge and effective support for schools. Devon schools must enable vulnerable children and young people to achieve better by securing and sustaining improved standards of achievement for all children at all levels of ability and maximising outcomes at Key Stages 4 and 5. As well as developing a broader range of strategies to expand schools' universal offer especially for the most vulnerable and challenged children.

The County Council robustly challenges any underperformance and statutory non-compliance with an emphasis on vulnerable groups. An academies protocol is used to open a dialogue about underperformance in relation to state-funded independent schools such as academies and free schools. The protocol sets out the responsibilities for both academy schools and the County Council so that both parties share the same understanding of their respective roles in enabling the children and young people attending Devon schools achieve their potential. There is also an increased focus in monitoring children placed in independent specialist provision to ensure sharper accountability of these settings for the achievement of children.

The People's Scrutiny Committee undertook a major piece of work on school exclusions and made a number of recommendations which were subsequently endorsed and actioned by Cabinet aimed to reduce the use of fixed-term and permanent exclusions. These included:

- work to monitor disadvantaged pupils and those with special educational needs and disabilities in terms of the extent to which these children are represented amongst those subject to permanent and fixed-term exclusions.
- support schools in finding ways to become more inclusive by providing evidence-based knowledge and training about 'what works best'.
- guidance to all schools with regard to emotional and social education, as well as training to all schools on how effective pastoral support systems can be developed and provided for all pupils.
- investigate both the legality and effectiveness of the practice of providing 'late' and 'early' schools, and 'part-time timetables' in Devon schools, and issues guidance to all schools as a result.
- The need to improve the way schools provide for the needs of pupils who have mental health problems, with particular reference to the Child and Adolescent Mental Health Service (CAMHS) and its relationship to schools.

More information on the County Council's role and support to schools may be found at:

<http://www.devon.gov.uk/learningschools>

## Significant Governance Issues

The Local Government Boundary Commission for England published its final recommendations in January 2016 for the County Council's electoral arrangements for 2017 onwards. The Commission's final proposals had confirmed a reduction in the size of the Council of two councillors (from 62 to 60) with one fewer division in each of South Hams and Teignbridge, comprising 56 single-member divisions and 2 two-member divisions. The proposed new arrangements will need to be approved by Parliament and the necessary Order would be laid in Parliament in the early part of 2016, providing for the new electoral arrangements to come into force at the County Council elections in 2017 which will undoubtedly have an impact on the Council's governance arrangements moving forward.

One of the biggest issues addressed by the Council in 2015/16 was the setting of the budget for 2016/17 and in making sure that appropriate steps were taken and measures put in place to ensure that services delivered or commissioned by the County Council remained accountable and properly managed within the context of the new 4 year funding package. While members welcomed the degree of assurance the funding deal provides, the Joint Budget Scrutiny in January 2016 resolved that the Council should continue to press Government for a fairer allocation for Devon recognising more accurately the impact of providing services in a rural area. The Council should also seek greater clarity through the LGA on the impact of the Better Care Fund and on the meaning of 100% Business Rates Retention and any additional responsibilities or constraints likely to be imposed upon Councils in respect of the latter and upon the required Annual Efficiency Plans.

Whilst it had been widely anticipated that the provisional settlement would only provide figures for one year with subsequent consultation on changes to grant distribution methodology, the Government had instead introduced changes in this year and beyond and had provided grant figures for individual authorities over a four year period from 2016/17 to 2019/20. While the latter change was to be welcomed it was noted that the impact of this revised grant distribution methodology was that shire counties would, collectively, lose funding in 2016/17 and moreover, within the allocation to County Councils and Upper Tier Authorities, there had been a further re-distribution with funding flowing from Councils with a higher tax base to Councils with a lower tax base; it was thought that this was to compensate those authorities dealing with adult social care pressures who would raise less income from a 2% precept. The settlement had also confirmed that Councils could raise Council Tax by an additional 2% to help cope with the costs of adult social care, over and above the 'normal' maximum 2% increase that could be levied before triggering a referendum.

The impact of the next Government's spending plan on future financial settlements will also be a key issue for the Council to address in 2016/17 and beyond. Moreover and in addressing the findings of the 2015 Ofsted inspection, the Council will need to focus on its future strategic responsibilities.

The year saw a successful culmination to the arrangements agreed by the Council for the future management of its libraries with from 1 April 2016 Libraries Unlimited taking over the running of Devon's libraries. The new staff and community-owned social enterprise will run the service on the County Council's behalf. The move is intended to secure the future of all 50 of the County's libraries and save a further £1.5 million in addition to the £3 million already saved from the library service budget over the past three years.

The announcement by the Chancellor in the *Educational Excellence Everywhere* white paper that all schools would have to move out of local authority control by 2020, although subsequently revised, will if implemented have a considerable impact upon local authorities in managing the transition of schools to academies and through having continuing responsibility for :

- Schools place planning and admissions
- Championing the interests of parents and pupils (advocacy & accountability)
- Ensuring provision for vulnerable children and those with special needs/disabilities
- School transport

# Agenda Item 4

- Safeguarding

The County Council continues to adopt a prudent approach to its treasury management practices. The Council's strategy is soundly based on the principle that when balancing risk and return the security and liquidity of an investment is given a higher priority than the yield. Throughout the year, the Council has been active in managing investment and interest rate risk.

As a result of Government direction, Pension Fund Investments are working towards establishing pooled arrangements. Devon is working with other regional authorities to establish a project board, which will involve appropriate governance representation from each authority.

The Council also regularly reviews and updates its Investment Strategy and its Treasury Management Policy and Practices to ensure that they reflect best practice guidance as issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). In line with that guidance, the policies were first scrutinised - as indicated above - by the Council's Corporate Services Scrutiny prior to consideration by the Council's Cabinet.

The Treasury Management Stewardship Annual Report for 2015/16 had not identified any significant issues to highlight, confirming that there had been: no long term borrowing requirements at that stage; that investment income targets would be achieved and all lending had been carried out in accordance with the Council's Treasury Management Strategy.

The Council formally places on record and expresses its appreciation to its entire staff for their continuing commitment to the delivery of high quality services for the people of Devon throughout this period.

## **Certification**

We have been advised on the result of the review of the effectiveness of the governance framework undertaken by the Cabinet, the Standards Committee, the Audit Committee, the Investment & Pension Fund Committee and by Scrutiny Committees and the plans, as summarised above, to address weaknesses and ensure continuous improvement of systems is in place.

We will over the coming year continue to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

**Signed**.....

Chairman of the Audit Committee, on behalf of Devon County Council

**Signed**.....

Chief Executive, on behalf of Devon County Council

30 June 2016

Criteria	Source documents / good practice / other	Corporate/ Strategic / CLT & Members	Chief Executives	People	Place
<b>1. Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.</b>					
Develop and promote the authority's purpose and vision.	<ul style="list-style-type: none"> <li>▪ Used as a basis for:               <ul style="list-style-type: none"> <li>› Corporate and service planning</li> <li>› Local area or performance agreements</li> </ul> </li> </ul>	<p>The Constitution (the Council's Code of Corporate Governance) sets out how the Council operates, how decisions are made and procedures followed to ensure that these are efficient, transparent &amp; accountable to local people.</p> <p>It contains Articles which set out the basic rules governing all aspects of the working of the Council (Part 2), elements which define the Council's internal organisation, standing orders, financial regulations, schemes of delegation and terms of reference, procedures covering executive and scrutiny, risk management and codes of conduct (Parts 3–9) and documents which focus on the Council's external operation through service delivery, community engagement and partnership working (Part 11). The latter includes, for example, the Council's Strategic Plan which sets out the Council's priorities, its detailed policies and plans.</p> <p>The Constitution is available at:</p> <p><a href="http://www.devon.gov.uk/index/your_council/decision_making/constitution.htm">http://www.devon.gov.uk/index/your_council/decision_making/constitution.htm</a></p>			

<p>Review on a regular basis the authority's vision for the local area and its impact on the authority's governance arrangements.</p>	<p>Governance Code</p>	<p>The Council's Strategic Plan is developed in conjunction with partners and interested bodies and in light of public consultation and approved by the Council or its Cabinet, as are other DCC policy documents and plans. These are reviewed regularly. <i>Backing Devon</i>, the Strategic Plan for 2011/15, was agreed in 2011.</p> <p>A refreshed Strategic Plan 2014-2020 was agreed by Cabinet in April 2014 and endorsed by Full Council in May 2014.</p> <p>The Council's Code of Business Conduct (Part 5 of the Constitution) also sets out financial protocols to be adopted for partnership arrangements, joint ventures and/or pooled budgets.</p>			
<p>Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all parties.</p>	<ul style="list-style-type: none"> <li>▪ Partnership protocol</li> <li>▪ Governance code</li> <li>▪ Compact for Devon</li> <li>▪ Devon Strategic Partnership</li> </ul>	<p>See above</p> <p>Part 9 of the Constitution identifies joint arrangements entered into with other local authorities and their scope. Part 11 of the Constitution focuses and identifies those external operations conducted through service delivery, community engagement and partnership working and including, for example, the Council's Strategic Plan which sets out the Council's priorities, its detailed policies and plans.</p>			
<p>Publish an annual report on a timely basis to communicate the authority's activities and achievements, its financial position and performance.</p>	<ul style="list-style-type: none"> <li>▪ Annual financial statements</li> <li>▪ Annual business plan</li> <li>▪ Annual Governance Statement</li> <li>▪ Public Health Annual Report</li> </ul>	<p>See Finance.</p> <p>Annual report also includes general performance data.</p> <p>The publication of the Public Health Annual Report is a statutory requirement for the local authority.</p>	<p>Annual budget booklet outlines financial plans.</p> <p>Outturn report outlines financial performance relative to targets.</p> <p>Statement of Accounts outlines financial performance in code format.</p> <p>Annual report outlines financial performance.</p> <p>Bi-monthly budget monitoring reports to Cabinet</p>		



<p>Decide how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available.</p>	<p>In order to ensure improvement, this information is reflected in the Authority's:</p> <ul style="list-style-type: none"> <li>▸ Corporate plan</li> <li>▸ Medium-term financial plan</li> </ul>	<p>As above</p> <p>The Council's Organisation Performance Framework sets out clear processes to strengthen performance and managing reporting systems.</p> <p>The Performance Strategy for 2011-15 'Driving Innovation and Improvement' describes how performance is managed across the County Council.</p> <p>Performance reporting to Scrutiny, which allows committees to receive Organisational Health Dashboard and Exception reports on overall progress against the Strategic Plan.</p>	<p>Medium term financial plan forecasts service pressures in future years, linked to Strategic Plan.</p>		
<p>Put in place effective arrangements to identify and deal with failure in service delivery.</p>	<ul style="list-style-type: none"> <li>▫ Complaints procedure</li> </ul>	<p>See above.</p> <p>Scrutiny Committees receive regular performance monitoring reports in addition to their more general role to review implementation of the Council's policies and consider scope for change/new policy.</p> <p>Whistleblowing policy outlined in Part 5 of the Constitution – Code of Business Conduct.</p> <p>Policy Statement on Proper Conduct of Business Introduction contained in Part 5 of the Constitution (Code of Business Practice).</p>	<p>Scrutiny tracks the progress of adopted task group recommendations through the Spar.net database.</p>		
<p>Decide how value for money is to be measured and make sure that the authority or partnership has the information needed to review value for money and performance effectively. Measure the environmental impact of policies, plans and decisions.</p>	<ul style="list-style-type: none"> <li>▫ The results are reflected in Authority's performance plans and in reviewing the work of the authority</li> </ul>	<p>Organisation Performance Plan.</p> <p>National Indicators Set.</p> <p>External Inspection</p> <p>Annual Budget Consultations.</p> <p>Community Roadshows undertaken by the Leader of the Council as part of a wider exercise by the County Council to consult and involve local people in helping to decide future priorities.</p> <p>Scrutiny function.</p>	<p>Performance Indicators considered on Directorate basis.</p> <p>Benchmark data reviewed where available by Directorate Management Teams and Unit Managers</p>		

<b>2. Members and officers working together to achieve a common purpose with clearly defined functions and roles</b>					
Set out a clear statement of the respective roles and responsibilities of the executive and of the executive's members individually and the authority's approach to putting this into practice.	<ul style="list-style-type: none"> <li>▪ Constitution</li> <li>▪ Record of decisions and supporting materials</li> </ul>	<p>Articles and Part 3 of the Constitution clearly outline roles and responsibilities of Members and Officers.</p> <p>Meetings of the Council, the Cabinet and Committee are held in public in accordance with the Council's Access to Information Procedures Rules and Agenda. Minutes and Reports of all Council, Cabinet, Committee meetings, Health &amp; Wellbeing Board and Cabinet Member decisions are publicly available in line with legislation.</p>			
Set out a clear statement of the respective roles and responsibilities of other authority members, members generally and senior officers.	<ul style="list-style-type: none"> <li>▪ Constitution</li> <li>▪ Record of decisions and supporting materials</li> </ul>	See above.	<p>The County Council's Personnel Policies are available at:  <a href="http://www.devon.gov.uk/index/jobscareers.htm">http://www.devon.gov.uk/index/jobscareers.htm?</a> and  <a href="http://staff.devon.gov.uk/pp/gap.htm">http://staff.devon.gov.uk/pp/gap.htm</a></p> <p>Detailed Job Descriptions exist for all staff at all levels.</p>		
Determine a scheme of delegation and reserve powers within the constitution, including a formal schedule of those matters specifically reserved for collective decision of the authority, taking account of relevant legislation, and ensure that it is monitored and updated when required.	<ul style="list-style-type: none"> <li>▪ Constitution</li> </ul>	Part 3 of Constitution (endorsed by Procedures Committee), as amended periodically including changes consequent upon County Council assumption of Public Health responsibilities and transfer of NHS staff.			
Make a chief executive or equivalent responsible and accountable to the authority for all aspects of operational management.	<ul style="list-style-type: none"> <li>▪ Conditions of employment</li> <li>▪ Scheme of delegation</li> <li>▪ Statutory provisions</li> <li>▪ Job descriptions / specification</li> <li>▪ Performance management system</li> </ul>	<p>Articles and Part 8 of the Constitution set out the roles and accountabilities of Officers and Members.</p> <p>The Council's scheme of delegation is set out at Part 3 of the Constitution.</p> <p>Members Job Profiles are set out at Part 6 of the Constitution and were reviewed for incorporation in development of Members Personal Development Plans following the 2013 elections and the new cohort of Members.</p>			

<p>Develop protocols to ensure that the leader and chief executive (or equivalents) negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained.</p>	<ul style="list-style-type: none"> <li>▪ Chief Executive and Leader consider how best to establish and maintain effective communication</li> </ul>	<p>No formal protocol exists.</p> <p>Process effectively starts with appointment process.</p> <p>The Chief Executive's appraisal is undertaken by Group Leaders.</p> <p>Corporate Leadership Team <i>Leadership Manifesto</i> currently being revised.</p>			
<p>Make a senior officer (the S151 officer) responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.</p>	<ul style="list-style-type: none"> <li>▪ Section 151 responsibilities</li> <li>▪ Statutory provision</li> <li>▪ Statutory reports</li> <li>▪ Budget documentation</li> <li>▪ Job description / specification</li> </ul>	<p>See Finance.</p> <p>Articles and Part 8 of the Constitution set out the roles and accountabilities of Officers and Members.</p>	<p>Job Descriptions for relevant Executive Directors.</p>		
<p>Make a senior officer (usually the monitoring officer) responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.</p>	<ul style="list-style-type: none"> <li>▪ Monitoring office provisions</li> <li>▪ Statutory provision</li> <li>▪ Job description / specification</li> </ul>	<p>County Solicitor.</p> <p>See above.</p> <p>Provision for legal considerations in all Committee Reports.</p>	<p>County Solicitor at CLT and Cabinet.</p>		
<p>Develop protocols to ensure effective communication between members and officers in their respective roles.</p>	<ul style="list-style-type: none"> <li>▪ Member / officer protocols</li> </ul>	<p>Part 6 of Constitution contains Member/Officer Protocol, and other codes of personal conduct.</p> <p>Supplemented by Working Practices (Part 10 of Constitution)(as endorsed by Procedures Committee.</p>			

<p>Set out terms and conditions for remuneration of members and officers and an effective structure for managing the process, including an effective remuneration panel (if applicable).</p>	<ul style="list-style-type: none"> <li>▪ Pay and conditions policies and practices</li> </ul>	<p>Member Allowances Scheme at Part 7 of Constitution which sets out approved scheme of remuneration/allowances for Members.</p> <p>Independent Remuneration Panel established as required by Statute, reviews Scheme annually and reports in public to the Council (via Procedures Committee).</p> <p>Officer remuneration etc governed by national/local conditions of service.</p> <p>Annual Pay Policy Statement approved by Council.</p>	<p>The County Council's Personnel Policies are available at:  <a href="http://www.devon.gov.uk/index/jobscareers.htm">http://www.devon.gov.uk/index/jobscareers.htm?</a> and  <a href="http://staff.devon.gov.uk/pp/gap.htm">http://staff.devon.gov.uk/pp/gap.htm</a></p>		
<p>Ensure that effective mechanisms exist to monitor service delivery.</p>	<ul style="list-style-type: none"> <li>▪ Pay and conditions policies and practices</li> <li>▪ Annual Governance Statement</li> </ul>	<p>See above.</p> <p>Financial systems, internal and external audit and external inspection and assessment.</p> <p>Regular review of Performance Indicators by CLT and Scrutiny Committees.</p> <p>The requirement for Officers of the Council to provide an annual assessment of internal controls superseded by the preparation of the Annual Governance Statement - but the principles remain integral to the content of the AGS and in endorsing it Directorates confirm that key organisational, financial, operational and compliance controls are followed, ensuring that staff are aware of all relevant processes and controls that exist (as referred to in this schedule), ensure probity and compliance and that such processes and control are routinely monitored.</p>			

<p>Ensure that the organisation's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholder, and that they are clearly articulated and disseminated.</p>	<ul style="list-style-type: none"> <li>▪ Vision</li> <li>▪ Strategy</li> <li>▪ Corporate plans</li> <li>▪ Budgets</li> <li>▪ Performance plan / regime</li> <li>▪ MTFS</li> <li>▪ JSNA / Joint H &amp; W Strategy</li> </ul>	<p>See Finance.</p> <p>Corporate Communications and Consultations Strategies.</p> <p>The Council's Strategic Plan is developed in conjunction with partners and interested bodies and in light of evidence and of public and stakeholder consultation and approved by the Council or its Cabinet, as are other DCC policy documents and plans.</p>	<p>Annual consultation process with voluntary sector, business sector and trades unions on budget plans.</p> <p>Public consultation meetings and public 'Meet the Leader' Roadshow events.</p> <p>Priorities in Strategic Plan costed and included in the Medium Term Financial Strategy [MTFS].</p> <p>MTFS and budget linked to Strategic Plan &amp; policies.</p> <p>JSNA and Health and Wellbeing Strategy approved by Health and Wellbeing Board.</p>		
<p>When working in partnership ensure that members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and the authority.</p>	<ul style="list-style-type: none"> <li>▪ Protocols for partnership working. For each partnership there is :             <ul style="list-style-type: none"> <li>○ A clear statement of the partnership principles and objectives</li> <li>○ Clarity of each partner's role within the partnership</li> <li>○ Definition of roles of partnership board members</li> <li>○ Line management responsibilities for staff who support the partnership</li> <li>○ A statement of funding sources for joint projects and clear accountability for proper financial administration</li> </ul> </li> </ul>	<p>Principle enshrined in Constitution (Part 11). In addition to the provisions of the Councils Code of Business Conduct &amp; Financial Regulation (Part 5 of the Constitution) a number of clearly defined agreements/protocols exist such as:</p> <p>Devon Children &amp; Young Persons Plan (currently in draft).</p> <p>A Warm Response: Our Climate Change Challenge.</p> <p>Voluntary Sector Compacts.</p> <p>Protocol of Joint Appointments.</p> <p>Devon Audit Partnership.</p> <p>Partnership Working is integral to the Council's operations, both service specific and more general partnerships. Work is continuing to ensure effective governance, engagement and political leadership in such partnerships including accountability of staff who support these partnerships.</p>			<p>External Funding Standards <a href="http://staff.devon.gov.uk/fit/dfs/externalfundingstandards.htm">http://staff.devon.gov.uk/fit/dfs/externalfundingstandards.htm</a></p> <p>The protocol sets out the requirements for preparation of funding bids</p> <p>[NB: existing protocol being reviewed]</p>

<p>When working in partnership:</p> <p>Ensure that there is clarity about the legal status of the partnership;</p> <p>Ensure that representative or organisations both understand and make clear to all other partners the extent of their authority to bind their organisations to partner decisions.</p>	<ul style="list-style-type: none"> <li>▪ Protocols for partnership working. For each partnership there is :             <ul style="list-style-type: none"> <li>○ A clear statement of the partnership principles and objectives</li> <li>○ Clarity of each partner's role within the partnership</li> <li>○ Definition of roles of partnership board members</li> <li>○ Line management responsibilities for staff who support the partnership</li> <li>○ A statement of funding sources for joint projects and clear accountability for proper financial administration.</li> </ul> </li> </ul>	<p>See above.</p> <p>Parts 5, 9 and 11 of Constitution refer.</p> <p>Part 5 of the Constitution (Financial Regulations) lays down principles for financial management for partnership arrangements, joint ventures and pooled budgets.</p> <p>Part 9 of the Constitution identifies those joint arrangements with other Devon local authorities.</p>			<p>External Funding Standards  <a href="http://staff.devon.gov.uk/fit/dfs/externalfundingstandards.htm">http://staff.devon.gov.uk/fit/dfs/externalfundingstandards.htm</a></p> <p>(see above)</p>
--	--	--	--	--	---

<b>3. Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour</b>					
Ensure that the authority's leadership sets a tone for the organisation by creating a climate of openness, support and respect.		<p>Access to Information and Public Participation rules contained in the Constitution (Part 4).</p> <p>The County Council's Corporate Communications Strategy aims to provide a framework to ensure that the Council's work is supported by dynamic and two-way communications and brings the Council closer to the people of Devon.</p> <p>The Council has appointed an Appointments and Remuneration Committee to make recommendations to the Council on pay and remuneration of Chief Officers to ensure decisions on pay and rewards are taken in an accountable and transparent manner, and to review annually the Council's Pay Policy Statement.</p>	All Committee Reports to be considered in the absence of the press and public (i.e. Part II Reports) are cleared by County Solicitor.		
Ensure that standards of conduct and personal behaviour expected of members and staff, of work between members and staff and between the authority, its partners and the community are defined and communicated through codes of conduct and protocols.	<ul style="list-style-type: none"> <li>▪ Members / officers code of conduct performance management system</li> <li>▪ Performance appraisal</li> <li>▪ Complaints procedures (Officers)</li> <li>▪ Anti-fraud and –corruption policy</li> <li>▪ Member / officer protocols</li> <li>▪ Equality Standard for Local Government (Level III)</li> <li>▪ Devon Joint Declaration for Equality</li> <li>▪ Registration of Members as Data Controllers under Data Protection Act</li> <li>▪ Determination of Complaints (Members) (Local Code of Conduct/Complaints Process).</li> </ul>	<p>Part 5 of the Constitution (Code of Business Practice) also contains a Good Practice Guide on outlining Best Practice.</p> <p>The Council's Whistle blowing policy is also contained in Part 5 of the Constitution.</p> <p>Part 6 of the Constitution contains Codes of Personal Conduct applicable to Members and Officers.</p> <p>Local determination of complaints in line with revised standards arrangements and in consultation with the Independent Person appointed under the Localism Act 2011.</p> <p>Government approval of Officers Code of Conduct still awaited. In the absence of that guidance the County Council has supplemented the above with its own Acceptable Behaviour Code.</p> <p>Formal staff appraisal system.</p> <p>Ballot Box.</p>	The County Council's Personnel Policies are available at: <a href="http://www.devon.gov.uk/index/jobscareers.htm?">http://www.devon.gov.uk/index/jobscareers.htm?</a> and <a href="http://staff.devon.gov.uk/pp/gap.htm">http://staff.devon.gov.uk/pp/gap.htm</a>		

<p>Put in place arrangements to ensure that members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice.</p>	<ul style="list-style-type: none"> <li>▪ Standing orders</li> <li>▪ Codes of conduct</li> <li>▪ Financial regulations</li> <li>▪ Equality Standard for Local Government (Level III)</li> <li>▪ Devon Joint Declaration for Equality</li> </ul>	<p>See above.</p> <p>Part 4 of the Constitution set out the Council's rules and procedures for decision-making and the policy and budget frameworks.</p> <p>Work of Devon Audit Partnership.</p> <p>Audit Commission Annual Agreement.</p>	<p>Standing orders, codes of conduct and financial regulations well established and publicised throughout the Council.</p>		
<p>Develop and maintain shared values including leadership values for both the organisation and staff reflecting public expectations and communicate these with members, staff, the community and partners.</p>	<ul style="list-style-type: none"> <li>▪ Codes of conduct</li> </ul>	<p>See above.</p>			
<p>Put in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards, and monitor their continued effectiveness in practice.</p>	<ul style="list-style-type: none"> <li>▪ Codes of conduct</li> <li>▪ Equality Standard for Local Government (Level III)</li> <li>▪ Devon Joint Declaration for Equality</li> <li>▪ Fair Trade Status</li> <li>▪ ISO27001</li> <li>▪ Staff Surveys</li> </ul>	<p>See above.</p> <p>The induction process for allows for the Monitoring Officer to provide training on the Council's Constitution and Ethical Framework.</p> <p>The Council has achieved Level III of the Equality Standard for Local Government and has signed up to the Devon Joint Declaration for Equality sponsored by the DSP.</p> <p>The Council's Fair Trade status has been renewed for the 2<sup>nd</sup> time.</p> <p>The County Council has achieved compliance with the International Standard on Information security (ISO27001) which defines a management system that provides robust policies and procedures that will help give assurances to the public and our partners that the information it holds will be kept secure.</p> <p>Staff Surveys have included appropriate questions to determine the views and opinions of staff on ethical governance issues.</p>			



<p>Develop and maintain an effective standards committee.</p>	<ul style="list-style-type: none"> <li>▪ Terms of reference</li> <li>▪ Regular reporting to the council</li> <li>▪ Ethical Governance Audit and Self-Assessment</li> <li>▪ Standards Committee Annual Report 2015/16</li> </ul>	<p>Part 3 of the Constitution (Scheme of Delegation) contains terms of reference of the Council's Standards Committee.</p> <p>The responsibility and working arrangements of the Standards Committee has been revised to take account of the provisions of the Localism Act 2011.</p> <p>The role and modus operandi of the Standards Committee is monitoring the Council's ethical governance framework in general and individual members performance. This was reaffirmed through the preparation of an Annual Report, Annual Meetings with Leader &amp; Chief Executive and attendance of Independent Members at meetings of the Council and its Committees and regular training.</p> <p>The third Ethical Governance Audit and Self-Assessment.</p>			
<p>Use the organisation's shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the authority.</p>	<ul style="list-style-type: none"> <li>▪ Decision-making practices</li> </ul>	<p>See above.</p> <p>Article 13 (Part 2 of the Constitution) sets out the principles of and responsibility for decision making.</p>			
<p>In pursuing the vision of a partnership, agree a set of values against which decision making and actions can be judged. Such values must be demonstrated by partners' behaviour both individually and collectively.</p>	<ul style="list-style-type: none"> <li>• Protocols for partnership working</li> <li>• Compact for Devon</li> </ul>	<p>See above.</p> <p>The Council's vision is contained in its Strategic Plan.</p> <p>Principle enshrined in Part 11 of Constitution.</p> <p>The Compact for Devon is a practical agreement for improving relationships and working practices between organisations in the statutory sector and the voluntary &amp; community sectors, drawn up by the <i>Devon Hub</i>, comprising representatives of both sectors.</p>			

<b>4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk</b>					
Develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the authority's performance overall and that of any organisation for which it is responsible.	<ul style="list-style-type: none"> <li>Scrutiny is supported by robust evidence and data analysis</li> </ul>	<p>See Finance.</p> <p>Article 7 (Part 2 of the Constitution and the Scrutiny Procedure Rule (Part 4 of the Constitution) sets out the principles and practices of the scrutiny process, supplemented by a protocol for relationships and communications between the Cabinet and Scrutiny Committees and the Council's Working Practices (Part 10 of the Constitution).</p> <p>Annual Scrutiny Report submitted to County Council.</p> <p>Devon Pension Board set up in February 2015.</p>	<p>Scrutiny Committees receive regular performance management reports on a range of financial and non-financial measures.</p> <p>Treasury Management policy reviewed by Corporate Services Scrutiny Committee.</p>	A strong Schools Forum (DEF) (which reports to the Council's Cabinet) which discusses all school finance/strategy decisions	
Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based.	<ul style="list-style-type: none"> <li>Decision-making protocols record of decisions and supporting materials</li> <li>Council website (Democracy Centre)</li> </ul>	<p>See above.</p> <p>Agenda and minutes of Scrutiny Committees are normally held in public in accordance with the Council's Access to Information Procedures Rules and Agenda, Minutes &amp; Reports of all meetings are publicly available in line with legislation.</p> <p>The Constitution has been regularly revised to take account of the provisions of the Local Government and Public Health Involvement Act 2007 in relation to <i>Strong Leader</i> and right of Member to put items on a scrutiny agenda. Amendments consequent of the provisions of the Local Democracy, Economic Development &amp; Construction Act 2009 being brought into force will necessarily be made as required. Similarly the impact of the Localism Act and Health is reflected in the Council's governance arrangements.</p> <p>Reporting of certain officer decisions under the Local Audit and Accountancy Act 2014.</p>	Minutes are sufficiently detailed to give reasons for decisions where these do not follow written recommendations.		

<p>Put in place arrangements to safeguard members and employees against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice.</p>	<ul style="list-style-type: none"> <li>▪ Members code of conduct</li> </ul>	<p>Members Code of Conduct set out at Part 6 of the Constitution together with other relevant Personal Codes of Conduct gives clear guidance.</p> <p>As part of Induction process for the Council the Monitoring Officer provides training on the Council's Constitution, the Ethical Framework and the Code of Conduct including and Members Interests; with refresher training provided on a regular basis thereafter.</p> <p>All County Councillors are reminded annually to review/refresh their General Declaration.</p> <p>District Audit regularly reviews declaration of interests by Members.</p> <p>Improved arrangements for declarations by officers.</p>			
<p>Develop and maintain an effective audit committee (or equivalent) which is independent of the executive and scrutiny functions or make other appropriate arrangements for the discharge of the functions of such a committee.</p>	<ul style="list-style-type: none"> <li>▪ Terms of reference</li> <li>▪ Membership</li> <li>▪ Training for committee members</li> </ul>	<p>See Finance.</p> <p>Terms of reference set out at Part 3 of the Constitution.</p> <p>Membership appointed annually by the County Council.</p> <p>Investment &amp; Pension Fund Committee delegated with responsibility to approve the Pension Fund Annual Report, which incorporates the Statement of Accounts. The Devon County Council Audit Committee undertakes the role to review and approve the accounts of the Devon Pension Fund.</p>	<p>Audit Committee comprises members independent of the Cabinet and Scrutiny Committees. It is constituted in line with COPRA recommendations and training provided to members on relevant issues e.g. Risk. AGS, Code of Practice, Statement of Accounts.</p>		

<p>Ensure that effective, transparent and accessible arrangements are in place for dealing with complaints.</p>	<ul style="list-style-type: none"> <li>▪ Complaints procedure</li> </ul>	<p>Complaints /Feedback policy available all DCC premises and at:</p> <p><a href="http://www.devon.gov.uk/index/democracymunities/improving_our_services/compliments_and_complaints.htm">http://www.devon.gov.uk/index/democracymunities/improving_our_services/compliments_and_complaints.htm</a></p> <p>All services are responsible for investigating and responding to complaints at Stage 1 and 2 of the complaints procedure. The responsibility for Stage 2 investigations is now with Business Strategy and Support – Customer Relations Manager. There is no longer a Stage 3 process.</p>			
<p>Ensure that those making decisions whether for the authority or the partnership are provided with information that is fit for the purpose – relevant, timely and gives clear explanations of technical issues and their implications.</p>	<ul style="list-style-type: none"> <li>▪ Members' induction scheme</li> <li>▪ Training for committee chairs</li> <li>▪ Member Development Strategy</li> </ul>	<p>Detailed post entry Induction process designed for all Members after quadrennial elections.</p> <p>Ongoing training provided for Members over the life of the Council.</p> <p>Specific training provided where necessary or compulsory (e.g. Audit, Development Control).</p> <p>DCC Member Development Strategy being developed alongside Members Personal Development Plans to identify areas where Members need training (e.g. ICT, Chairing Skills).</p> <p>DCC has secured Charter Plus accreditation through the Charter for Member Development and the Regional Employers Organisation in line with the Council's Member Development Policy. Regular monitoring reports to Council's Procedures Committee.</p>			

<p>Ensure that professional advice on matters that have legal and financial implication is available and recorded well in advance of decision making and used appropriately.</p>	<ul style="list-style-type: none"> <li>▪ Record of decision making and supporting materials</li> </ul>	<p>See above.</p> <p>All meetings of the Council, the Cabinet and Committees are normally held in public in accordance with the Council's Access to Information Procedures Rules and Agenda, Minutes &amp; Reports of all Council, Cabinet &amp; Committee meetings are publicly available in line with legislation.</p> <p>Article 12 (Part 2 of the Constitution) and the Budget and Policy Framework Rules provide that the Monitoring Officer and Chief Financial Officer have a duty to ensure lawfulness and fairness of decision making.</p>			<p>Professional advisers used for large value projects e.g. Exeter Energy from Waste Scheme.</p>
<p>Ensure that risk management is embedded into the culture of the authority; with members and managers at all levels recognising that risk management is part of their job.</p>	<ul style="list-style-type: none"> <li>▪ Risk management protocol</li> <li>▪ Financial standards and regulations</li> </ul>	<p>DCC Annual Risk Assessment approved by the Audit Committee.</p> <p>Audit Committee receives regular reports on application of Council's Risk Management Plan.</p> <p>Reports to Cabinet and Committees recognise need to consider risk management issues and take appropriate action.</p>	<p>Para C of Financial Regulations outlines requirements of Risk Management and Control of Resources.</p>		
<p>Ensure that arrangements are in place for whistle-blowing to which staff and all those contracting with the authority have access.</p>	<ul style="list-style-type: none"> <li>▪ Whistle-blowing policy</li> </ul>	<p>As above.</p> <p>Whistleblowing policy outlined in Part 5 of the Constitution – Code of Business Conduct.</p> <p>Policy Statement on Proper Conduct of Business Introduction contained in Part 5 of the Constitution (Code of Business Practice).</p>			
<p>Actively recognise the limits of lawful activity placed on them by, for example, the ultra vires doctrine but also strive to utilise powers to the full benefit of their communities.</p>	<ul style="list-style-type: none"> <li>▪ Constitution</li> <li>▪ Monitoring officer provisions</li> <li>▪ Statutory provision</li> </ul>	<p>As above.</p> <p>Article 1-15 (Part 2 of the Constitution) and the Scheme of Delegation (Part 3) set out the principles of decision making, the decision that may be taken by the Council, the Cabinet, or the Health &amp; Wellbeing Board and the terms of reference of the Councils Committees and delegations to Members and Officers.</p>			

<p>Recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on local authorities by public law.</p>	<ul style="list-style-type: none"> <li>• Compliance with Public Sector Equality Duty</li> <li>• Use of Equality Impact Assessments</li> </ul>	<p>As above.</p> <p>Part 4 of the Constitution set out the Council's rules and procedures for decision making and the policy and budget frameworks.</p> <p>Article 12 (Part 2 of the Constitution) and the Budget and Policy Framework Rules provide that the Monitoring Officer and Chief Financial Officer have a duty to ensure lawfulness and fairness of decision making.</p>			
<p>Observe all specific legislative requirements placed upon them, as well as the requirements of general law, and in particular to integrate the key principles of good administrative law – rationality, legality and natural justice - into their procedures and decision making processes.</p>	<ul style="list-style-type: none"> <li>▪ Monitoring officer provisions</li> <li>▪ Statutory provision</li> <li>▪ Job description / specification</li> </ul>	<p>As above.</p> <p>County Solicitor (as Monitoring Officer) duties outlined at Article 12 (Part 2) of the Constitution in line with statutory requirements.</p>	<p>Job Descriptions for senior staff.</p>		

<b>5. Developing the capacity and capability of members and officers to be effective</b>					
Provide induction programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis.	<ul style="list-style-type: none"> <li>▪ Training and development plan</li> <li>▪ Induction programme</li> <li>▪ Evaluation of Induction Programme</li> <li>▪ Update course / information</li> </ul>	<p>As above</p> <p>Detailed Induction process designed for all Members after quadrennial elections followed by detailed evaluation of programme to ensure lessons learned for future programmes.</p> <p>Ongoing training provided for Members over life of Council and where required specific training provided to enable Members to serve on Committees (e.g. Audit, Development Management).</p> <p>DCC Member Development Strategy being developed with Member Development Group alongside Members Personal Development Plans to identify areas where Members need training).</p> <p>DCC has secured Charter Plus accreditation through the Charter for Member Development and the Regional Employers Organisation in line with the Council's Member Development Policy.</p> <p>Regular monitoring reports to Council's Procedures Committee.</p>	Corporate induction programme supplemented by on-the-job and professional training as appropriate.		
Ensure that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the authority.	<ul style="list-style-type: none"> <li>▪ Job description / personal specifications membership of top management team.</li> </ul>	<p>Article 12 (Part 2) of the Constitution sets out details of management structure and functions.</p> <p>Part 8 of Constitution summarises the Management Structure.</p>	<p>Job Descriptions for staff at all levels.</p> <p>Learning &amp; development including guidance on recruitment selection process, management training.</p> <p><a href="http://www.devon.gov.uk/personnel_and_performance">http://www.devon.gov.uk/personnel_and_performance</a></p> <p><a href="http://staff.devon.gov.uk/pp/learningdevelopment.htm">http://staff.devon.gov.uk/pp/learningdevelopment.htm</a></p>		
Assess the skills required by members and officers and make a commitment to develop those skills to enable roles to be carried out effectively.	<ul style="list-style-type: none"> <li>▪ Training development plan.</li> </ul>	<p>As above.</p> <p>DCC has secured Charter Plus accreditation through the Charter for Member Development and the Regional Employers Organisation in line with the Council's Member Development Policy.</p> <p>Regular monitoring reports to Council's Procedures Committee.</p>	Annual staff appraisal process used to identify training and development requirements.		

<p>Develop skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed.</p>	<ul style="list-style-type: none"> <li>▪ Training and development plan reflect requirements of a modern councillor including:             <ul style="list-style-type: none"> <li>○ The ability to scrutinise and challenge</li> <li>○ The ability to recognise when outside advice is needed</li> <li>○ Advice on how to act as an ambassador for the community</li> <li>○ Leadership and influencing skills</li> </ul> </li> </ul>	<p>As above.</p> <p>Specific training has also been provided on the Scrutiny role open to all members of the Council.</p> <p>The LGA provided 3 training events for all members of the Council on safeguarding children and the use of performance data in scrutiny.</p>			
<p>Ensure that effective arrangements are in place for reviewing the performance of the executive as a whole and of individual members and agreeing an action plan which might, for example, aim to address any training or development needs.</p>	<ul style="list-style-type: none"> <li>▪ Performance management system</li> </ul>	<p>See above</p> <p>DCC developing Members Personal Development Plans (in consultation with members) which will incorporate a self assessment tool to enable member to identify learning and development needs and evaluate performance.</p> <p>The Standards Committee's independent, co-opted, members attend meetings of the Council, the Cabinet and other committees on an ad-hoc basis to observe and monitor compliance with the Council's ethical governance framework, in line with the agreed protocol.</p>			



<p>Ensure that effective arrangements designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the authority.</p>	<ul style="list-style-type: none"> <li>▪ Strategic partnership framework</li> <li>▪ Stakeholders' forums' terms of reference</li> <li>▪ Area forums' terms of reference</li> <li>▪ Residents' panels structure</li> </ul>	<p>Corporate Communications Strategy and Engagement Strategy set out mechanisms for engaging with and ensuring two-way flow of information.</p> <ul style="list-style-type: none"> <li>• DCC promotes/engages actively with community through:</li> <li>• Elections</li> <li>• Democracy week</li> <li>• Devon Voice (Residents Panel)</li> <li>• Devon UK Youth Parliament Team</li> <li>• Children, Young People and Families Alliance</li> <li>• Senior Council for Devon</li> <li>• Meet the Leader 'Tough Choices' Roadshows</li> <li>• Budget Consultations with Business Community, representatives of young people and older people, the voluntary sector and Trades Unions</li> <li>• DCC <a href="#">Feedback policy</a> available at all DCC premises and at webcast meetings of the Council, Cabinet and major committees</li> <li>• Domestic and Sexual Violence and Abuse Allowance.</li> </ul>			
<p>Ensure that career structures are in place for members and officers to encourage participation and development.</p>	<ul style="list-style-type: none"> <li>▪ Succession planning</li> <li>▪ Corporate Employment Strategy</li> <li>▪ Workforce Plan</li> </ul>	<p>Workforce Plans for all Directorates. Revised Workforce Plan.</p>	<p>Workforce plans <a href="http://staff.devon.gov.uk/pp/learningdevelopment/workforceplan-2/whatisworkforceplanning.htm">http://staff.devon.gov.uk/pp/learningdevelopment/workforceplan-2/whatisworkforceplanning.htm</a> DCC Personnel Policies: <a href="http://www.devon.gov.uk/personnel_and_performance">http://www.devon.gov.uk/personnel_and_performance</a> <a href="http://staff.devon.gov.uk/pp/learningdevelopment.htm">http://staff.devon.gov.uk/pp/learningdevelopment.htm</a></p>		

<b>6. Engaging with local people and other stakeholders to ensure robust local public accountability</b>					
Make clear to themselves, all staff and the community to whom they are accountable and for what.		Functions and roles of Members and Officers and decisions to be taken by Council or Cabinet Committees set out in Articles (Part 2) Constitution).  Scheme of Delegation (Part 3) contains terms of reference of the Cabinet and Committees and delegations to Members and Officers.			
Consider those institutional stakeholders to whom the authority is accountable and assess the effectiveness of the relationships and any changes required.		Devon Strategic Partnership.		A strong Schools Forum (DEF) (which reports to the Council's Cabinet) which discusses all school finance/strategy decisions.	
Produce an Annual Report on the activity of the scrutiny function.	<ul style="list-style-type: none"> <li>▪ Annual report</li> </ul>	Annual report submitted to County Council normally in May of each year.			
Produce an Annual Report on the work of the Council's Standards Committee.	<ul style="list-style-type: none"> <li>▪ Annual report</li> </ul>	Annual report submitted to the Standards Committee normally in April / May of each year.			
Ensure that clear channels of communication are in place with all sections of the community and other stakeholders, and put in place monitoring arrangements to ensure that they operate effectively.	<ul style="list-style-type: none"> <li>▪ Processes for dealing with competing demands within the community</li> </ul>	As above  Corporate Engagement Strategy aimed at securing two-way communications and bringing the Council closer to the people of Devon.			

<p>Hold meetings in public unless there are good reasons for confidentiality.</p>	<ul style="list-style-type: none"> <li>▪ Processes for dealing with competing demands within the community</li> </ul>	<p>The Council's Access to Information Procedures Rules and the Public Participation Rules set out at Part 4 of the Constitution outline the duty upon the Council and how it Council encourages the public to become involved.</p> <p>Meetings of the Council, Cabinet and major committees are also webcast live to improve accessibility for the public.</p>			
<p>Ensure that arrangements are in place to enable the authority to engage with all sections of the community effectively. These arrangements should recognise that different sections of the community have different priorities and establish explicit processes for dealing with these competing demands.</p>	<ul style="list-style-type: none"> <li>▪ Processes for dealing with competing demands within the community</li> <li>▪ Communication strategy</li> </ul>	<p>As above.</p> <p>Wide range of bodies, partners and sectors consulted on a regular basis.</p> <p>Role of Devon Strategic Partnership (see section 4 above).</p> <p>Partnership working with District, Town and Parish Councils.</p> <p>Community Planning.</p>			
<p>Establish a clear policy on the types of issues they will meaningfully consult on or engage with the public and service users about including a feedback mechanism for those consultees to demonstrate what has changed as a result.</p>	<ul style="list-style-type: none"> <li>▪ Partnership framework</li> <li>▪ Communication strategy</li> </ul>	<p>As above.</p> <p>Corporate Communications Strategy and Consultation Strategy set out mechanisms for engaging with and ensuring two-way flow of information.</p>			

<p>On an annual basis, publish a performance plan giving information on the authority's vision, strategy, plans and financial statements as well as information about its outcomes, achievements and the satisfaction of service users in the previous period.</p>	<ul style="list-style-type: none"> <li>▪ Annual report</li> <li>▪ Annual financial statements</li> <li>▪ Corporate plan</li> <li>▪ Annual business plan</li> </ul>	<p>See Finance and above.</p>	<p>Annual budget booklet outlines financial plans.</p> <p>Outturn report outlines financial performance relative to targets.</p> <p>Statement of Accounts outlines financial performance in Code of Practice format.</p> <p>Annual report outlines financial performance.</p> <p>Treasury Management Stewardship Report.</p>		
<p>Ensure that the authority as a whole is open and accessible to the community, service users and its staff and ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.</p>	<ul style="list-style-type: none"> <li>▪ Constitution</li> </ul>	<p>The Summary and Explanation to the Constitution summarises the rights of members of the public as amplified throughout this response.</p> <p>Generally, the comments and observation previously made about the Corporate Communication Strategy, Complaints, Feedback, consultative mechanisms, access to information and public participation rules apply as does FOI regime.</p>			
<p>Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making.</p>	<ul style="list-style-type: none"> <li>▪ Constitution</li> </ul>	<p>The Council's Personnel Partnership deals with all matters relation to items and conditions of service for staff (Part 3 of the Constitution); supplemented by a number directorate/service based JCCs including staff representatives and elected members meeting on regular basis.</p> <p>Central Joint &amp; Health &amp; Safety Committee consulted on all relevant matters.</p>			

## ANNUAL INTERNAL AUDIT REPORT 2015/16 Report of the County Treasurer

Please note that the following recommendations are subject to confirmation by the Committee before taking effect.

### Recommendations:

- i. That members note the internal audit opinion that the Council's systems contain a satisfactory level of internal control.
  - ii. That members note the satisfactory performance and achievements of Devon Audit Partnership during 2015/16.
  - iii. That the Council's continuing commitment to the maintenance and enhancement of an anti-fraud culture is endorsed.
1. The key objective of Internal Audit is to provide assurance to Members, Executive Directors and the County Treasurer (as the Council's "section 151 responsible officer") on the adequacy and security of those systems on which the County Council relies for its internal control, both financial and management.
  2. One of the key elements of the County Council's governance arrangements is the Annual Governance Statement (AGS), signed by the Chief Executive and Leader of the Council. This is included in the Council's Annual Statement of Accounts. The assurance opinions derived from the work of Internal Audit are among the significant items that inform the AGS.
  3. The summary report available separately describes the performance of Devon Audit Partnership against the internal audit plans for 2015/16 that were approved by the Audit Committee in March 2015. That work, and the continuing contribution of Devon Audit Partnership to both risk management and anti-fraud arrangements within the Council, lead to an opinion that the Council has an effective framework of control which provides reasonable assurance regarding the effective, efficient and economic achievement of its objectives. The Committee can take assurance from these findings.

Mary Davis

Electoral Divisions: All  
Local Government Act 1972

### List of Background Papers

Contact for Enquiries: Robert Hutchins  
Tel No: (01392) 382437 Larkbeare House

<u>Background Paper</u>	<u>Date</u>	<u>File Ref</u>
-------------------------	-------------	-----------------

Nil

There are no equality issues associated with this report



Audit Committee  
Progress and Update Report for  
Devon County Council  
*Year ended 31 March 2016*

20 June 2016

Page 35

**Elizabeth Cave**

Director

**T** 0117 305 7885

**E** [liz.a.cave@uk.gt.com](mailto:liz.a.cave@uk.gt.com)

**Andrew Shaw**

Manager

**T** 0117 305 7755

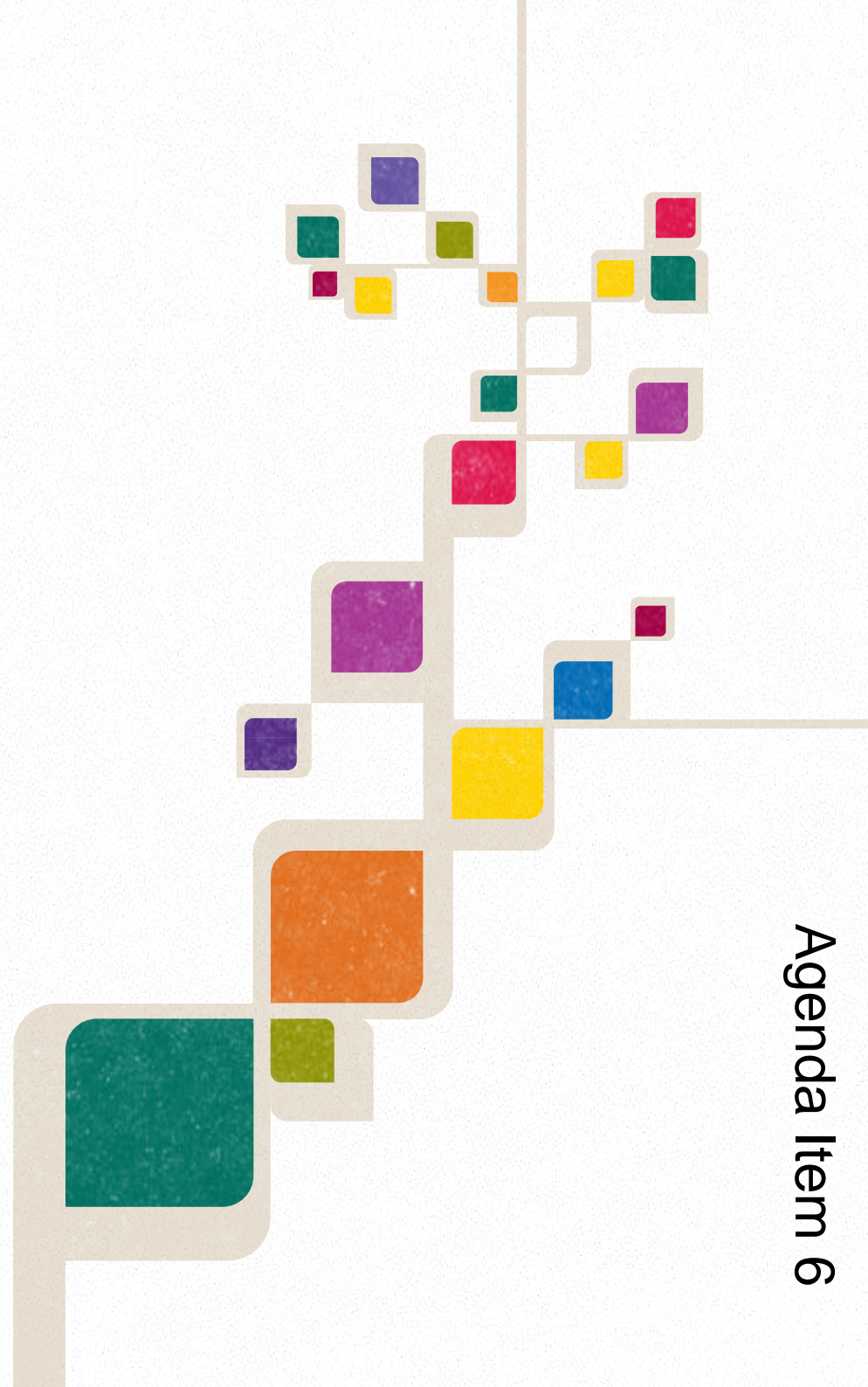
**E** [andrew.j.shaw@uk.gt.com](mailto:andrew.j.shaw@uk.gt.com)

**Tori Redler**

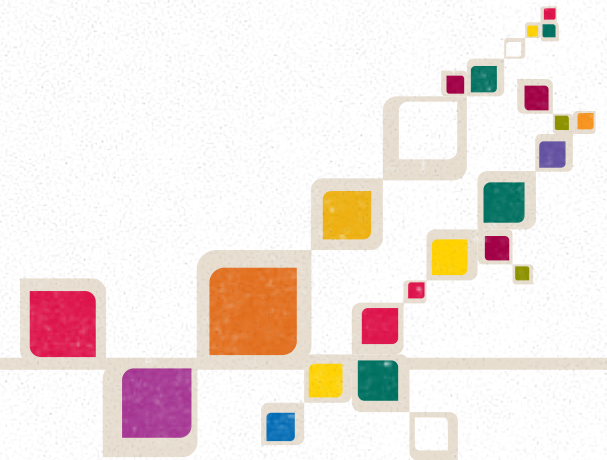
In Charge Auditor

**T** 0117 305 7744

**E** [victoria.j.redler@uk.gt.com](mailto:victoria.j.redler@uk.gt.com)

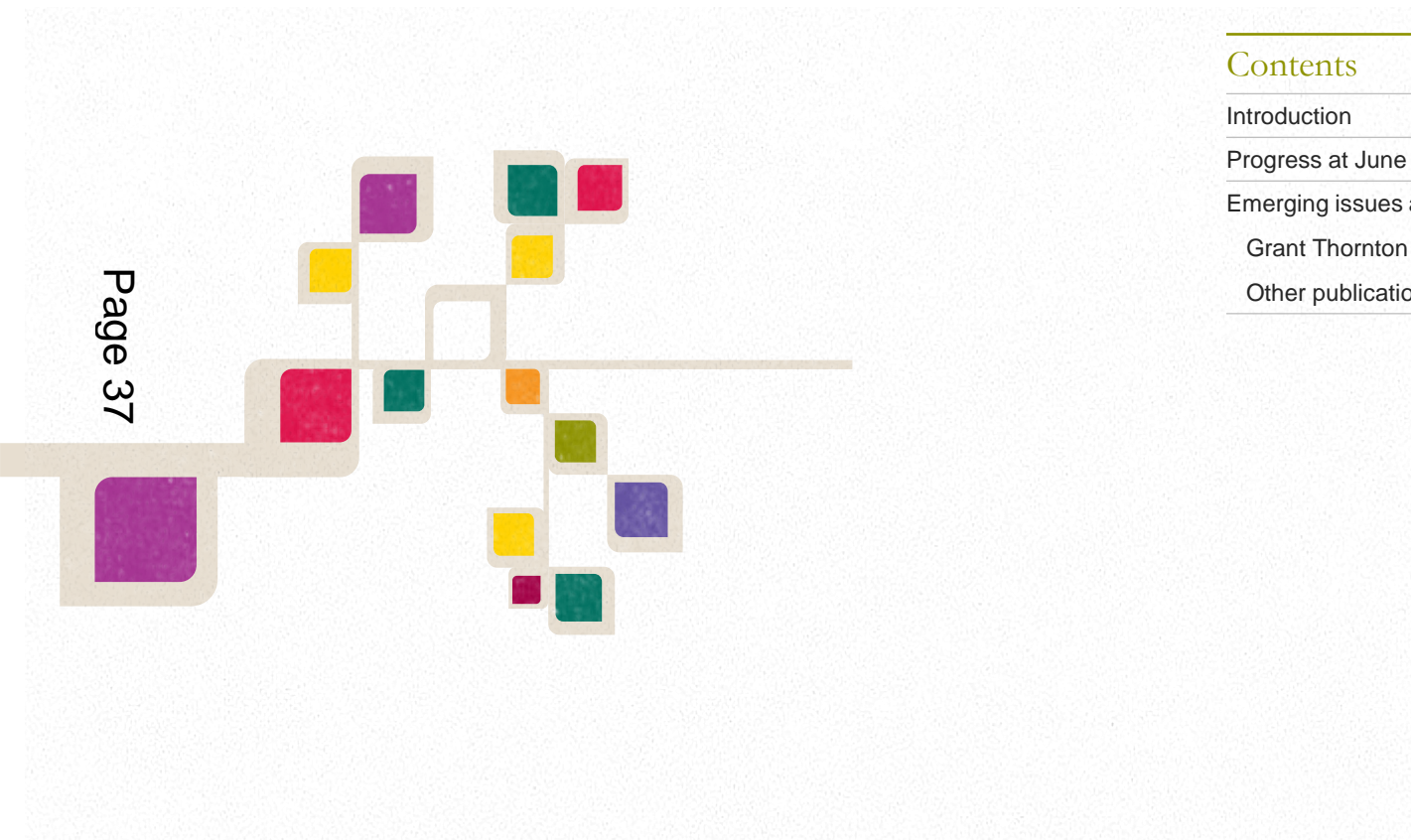


The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. 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.





# Contents



Contents	Page
Introduction	4
Progress at June 2016	5
Emerging issues and developments:	
Grant Thornton reports	7
Other publications	8

# Introduction

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

Members of the Audit Committee can find further useful material on our website [www.grant-thornton.co.uk](http://www.grant-thornton.co.uk), where we have a section dedicated to our work in the public sector. Here you can download copies of our publications including:

- Better Together: Building a successful joint venture company; <http://www.grantthornton.co.uk/en/insights/building-a-successful-joint-venture-company/>
- Knowing the Ropes – Audit Committee; Effectiveness Review ; [www.grantthornton.co.uk/en/insights/knowing-the-ropes--audit-committee-effectiveness-review-2015/](http://www.grantthornton.co.uk/en/insights/knowing-the-ropes--audit-committee-effectiveness-review-2015/)
- Making devolution work: A practical guide for local leaders (October 2015) [www.grantthornton.co.uk/en/insights/making-devolution-work/](http://www.grantthornton.co.uk/en/insights/making-devolution-work/)

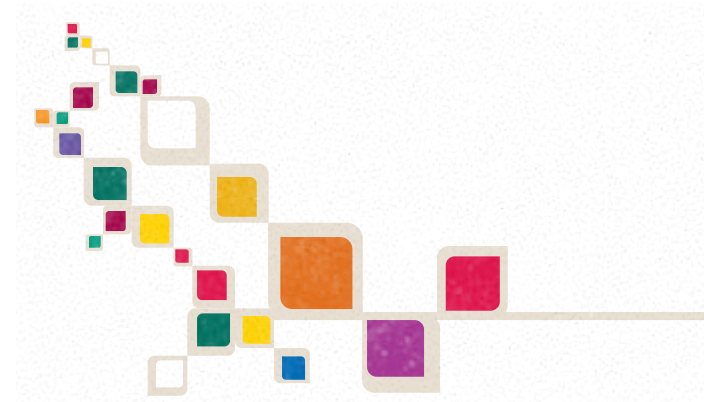
If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.



**Elizabeth Cave**  
Engagement Lead  
T 0117 305 7885  
M 07880 456 128  
E [liz.a.cave@uk.gt.com](mailto:liz.a.cave@uk.gt.com)



**Andrew Shaw**  
Engagement Manager  
T 0117 305 7755  
M 07841 563896  
E [andrew.j.shaw@uk.gt.com](mailto:andrew.j.shaw@uk.gt.com)



# Progress at 20 June 2016



 **Progress against plan**  
On track

 **Opinion and VfM conclusion**  
Plan to give before deadline of 30 September 2016

 **Outputs delivered**  
Fee letter, Progress Reports, delivered to plan

Page 39

## 2015/16 work

### Fee Letter

We issued the 'Planned fee letter for 2015/16 in April 2015.

April 2015

We have also recently issued the fee letter for 2016/17, with no change to the fee proposed.

### Accounts Audit Plan

We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2015-16 financial statements.

March 2016

This was presented to the Audit Committee in March

We also inform you of any subsequent changes to our audit approach.

### Interim accounts audit

Our interim fieldwork visit includes:

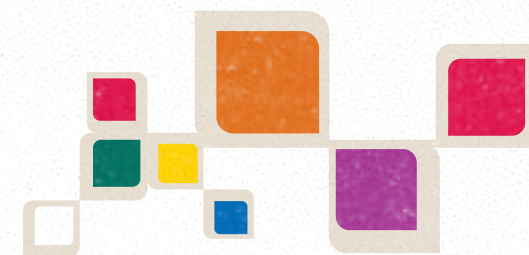
- updating our review of the Council's control environment
- updating our understanding of financial systems
- review of Internal Audit reports on core financial systems
- early work on emerging accounting issues
- early substantive testing

January to March 2016

Interim audit findings for the work completed were previously included in our audit plan.

Since the previous audit committee in March we have completed our review of the Council's proposed accounting treatment for the South West Energy from Waste Partnership and agree that the PFI should be recorded 'on balance sheet' in line with the relevant accounting standards and code. We are currently reviewing the PFI model being used by the council and will test the accounting entries as part of our final audit .

# Progress at 20 June 2016



Page 40

2015/16 work	Completed	Comments
<p><b>Final accounts audit</b> Including:</p> <ul style="list-style-type: none"> <li>• Audit of the 2015-16 financial statements</li> <li>• proposed opinion on the Council's accounts</li> </ul>	<p>June- August</p>	<p>We are planning to complete our audit by 31<sup>st</sup> August as part of the transition to the earlier closedown and audit cycle that is required from 2018.</p> <p>To help the Council prepare appropriate evidence to support the financial statements, we have provided a schedule of the working papers that we expect.</p>
<p><b>Value for Money (VfM) conclusion</b> The scope of our work has changed and is set out in the final guidance issued by the National Audit Office in November 2015. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources". The guidance confirmed the overall criterion as; "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people". The three sub criteria for assessment to be able to give a conclusion overall are:</p> <ul style="list-style-type: none"> <li>• Informed decision making</li> <li>• Sustainable resource deployment</li> <li>• Working with partners and other third parties</li> </ul>	<p>March to August</p>	<p>We set out the result of our risk assessment and the proposed focus of our work in our audit plan presented in March.</p> <p>The results of our VfM audit work and the key messages arising will be reported in our Audit Findings Report.</p> <p>We will include our conclusion as part of our report on your financial statements which we will give by 7 September 2016.</p>
<p><b>Other activities</b>  We provide a range of workshops, along with network events for members and publications to support the Council.</p>	<p>January and February 2016</p> <p>Ongoing</p>	<p>We have provided a local workshop covering the Better Care Fund, and emerging issues and future developments, to support officers involved in the preparation of the Financial Statements.</p> <p>Further details of the publications that may be of interest to the Council are set out from page 7.</p>

# Better Together: Building a successful joint venture company

Local government is evolving as it looks for ways to protect front-line services. These changes are picking up pace as more councils introduce alternative delivery models to generate additional income and savings.

Page 41

'Better together' is the next report in our series looking at alternative delivery models and focuses on the key areas to consider when deciding to set up a joint venture (JV), setting it up and making it successful.

JVs have been in use for many years in local government and remain a common means of delivering services differently. This report draws on our research across a range of JVs to provide inspiring ideas from those that have been a success and the lessons learnt from those that have encountered challenges.

Key findings from the report:

- JVs continue to be a viable option – Where they have been successful they have supported councils to improve service delivery, reduce costs, bring investment and expertise and generate income
- There is reason to be cautious – Our research found a number of JVs between public and private bodies had mixed success in achieving outcomes for councils
- There is a new breed of JVs between public sector bodies – These JVs can be more successful at working and staying together. There are an increasing number being set up between councils and wholly-owned commercial subsidiaries that can provide both the commercialism required and the understanding of the public sector culture.

Our report, Better Together: Building a successful joint venture company, can be downloaded from our website: <http://www.grantthornton.co.uk/en/insights/building-a-successful-joint-venture-company/>

Grant Thornton reports



ALTERNATIVE SERVICE DELIVERY MODELS IN LOCAL GOVERNMENT

Better together  
Building a successful  
joint venture company



Agenda Item 6

# Fighting Fraud and Corruption Locally

CIPFA publication

**Fighting Fraud and Corruption Locally** is a strategy for English local authorities that is the result of collaboration by local authorities and key stakeholders from across the counter fraud landscape .

Page 42

This strategy is the result of an intensive period of research, surveys, face-to-face meetings and workshops. Local authorities have spoken openly about risks, barriers and what they feel is required to help them improve and continue the fight against fraud and to tackle corruption locally.

Local authorities face a significant fraud challenge. Fraud costs local authorities an estimated £2.1bn a year. In addition to the scale of losses, there are further challenges arising from changes in the wider public sector landscape including budget reductions, service remodelling and integration, and government policy changes. Local authorities will need to work with new agencies in a new national counter fraud landscape.

The strategy:

- calls upon local authorities to continue to tackle fraud with the dedication they have shown so far and to step up the fight against fraud in a challenging and rapidly changing environment
- illustrates the financial benefits that can accrue from fighting fraud more effectively
- calls upon central government to promote counter fraud activity in local authorities by ensuring the right further financial incentives are in place and helping them break down barriers to improvement
- updates and builds upon Fighting Fraud Locally 2011 in the light of developments such as The Serious and Organised Crime Strategy and the first UK Anti-Corruption Plan
- sets out a new strategic approach that is designed to feed into other areas of counter fraud and corruption work and support and strengthen the ability of the wider public sector to protect itself from the harm that fraud can cause.

The strategy can be downloaded from <http://www.cipfa.org/services/counter-fraud-centre/fighting-fraud-and-corruption-locally>





© 2016 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires.

Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

[grantthornton.co.uk](http://grantthornton.co.uk)

GRT102468





SC/16/9  
Audit Committee  
30 June 2016

## Report of the Corporate Risk Management Group

Report of the Head of Services for Communities

**Please note that the following recommendations are subject to consideration and determination by the Committee before taking effect.**

**Recommendation: It is recommended that:**

- **Audit Committee to consider the Corporate Risk Register;**
- **Audit Committee to note the future developments to the Corporate Risk Register.**

### 1. Summary

This report of the Corporate Risk Management Group provides an update on risk management practice in the Council.

### 2. Introduction

Corporate Risk Management Group reports to Audit Committee as necessary by exception to provide information on significant changes recorded on risk registers.

### 3. Risk Registers

Risks recorded in the Corporate Risk Register (CRR) are shown in appendix A of this report. Since risks were last reported to this committee in December the following changes have occurred:

#### **Added**

SC1: School transport

SC16: National Funding Formula and implications of the White Paper

KS20: Care management capacity and effectiveness

KS19: Continuing Health Care (CHC)

TG29: Budget Management (Social care Commissioning)

BI06: Data Protection breaches

BI11: Failure to adhere to information management standards

PR01: Supplier failure: financial and other pressures leading to the failure of supply markets

PR05: Specifications and commissioning strategies not clearly defined service on behalf of the Council

PR06: Inflationary pressure across markets impacts upon service delivery and budget pressures

PR09: Supplier brings a successful challenge in relation to a procurement

#### **Removed**

JO9: Devon Safeguarding Children Board

TG24: HR Redesign Project

HRO1: Health and Safety

# Agenda Item 7

## **Risk score increased**

None

## **Risk score decreased**

TG15: Reduction in Government funding affects service delivery

TG11: Market Capacity: Adult Social Care (Personal Care)SPOC1: Failure to realise opportunities and insight derived from successful collaboration with key partners

Most of the risks that have been added to, or removed from, the Corporate Risk Register are the result of a decision by Corporate Services Leadership Team to only include risks with a current score of “High” or “Very high”.

The last Corporate Risk Management Group identified a number of risks where the current mitigated score is equal to, or in a few cases above, the inherent worst case score despite a number of mitigating controls being in place. Group members will liaise with risk owners to ensure that risks are correctly scored and mitigating controls are adequate.

## **4. New risk management system**

A new in-house risk management system has been developed to replace the existing Spar.net product. This is available at <http://risks.devon.gov.uk> from DCC computers. It currently holds risks with a mitigated score of high or very high, with the remaining risks being migrated shortly. The old Spar.net system will be put into a read-only state and the data retained as a historic record.

Although development of the new system is not finished it is sufficiently complete to be used. Further development will continue as users’ needs are more fully understood.

John Smith  
Head of Services for Communities

## **Electoral Divisions: All**

## **Appendices**

Appendix A: Corporate Risk Register Summary

mp210616aud corporate risk management group  
01 210616

# Risks: Corporate Risk Register

Risk status (score)

Overdue (0 - 0)	Low (1 - 9)	Medium (10 - 14)	High (15 - 23)	Very high (24 - 30)
-----------------	-------------	------------------	----------------	---------------------

Mitigating controls

Completed	Green	Amber	Red
-----------	-------	-------	-----

Risk details	Status and Risk owner	Mitigating controls
<p><a href="#">IO23: Children's and Adult services budget pressures and allocation</a></p> <p>Impact across People's Services of budget pressures and allocation issues within children's services. Significant overspends are currently being forecast across a range of Education transport and Social Care budgets, which threaten the financial stability of People's Services.</p>	<p>Inherent status: 30 Very high</p> <p>Current status : 30 Very high</p> <p>Risk owner: <a href="#">Jo Olsson</a></p> <p>Accountable officer: <a href="#">Jennie Stephens</a></p> <p>Last review: 01 Jun 2016</p>	<p>Green Regular financial performance reporting to CLT</p> <p>Green Weekly children's social care management meetings focussing on budget pressures</p> <p>Green Focus of regular LTP discussion</p> <p>Green Scrutiny reporting</p>
<p><a href="#">TG23: Workforce (People)</a></p> <p>Lack of Organisational Development Plan for the Authority, which should include succession planning for Leaders and Managers could lead to future skills shortages across key areas of the business, for example, Social Workers, Headteachers, Teachers and Health Workers. This needs to include contracted services for care where significant workforce recruitment and retention issues exist. Failure to address may result in market failure and statutory non-compliance with Care Act duties.</p>	<p>Inherent status: 30 Very high</p> <p>Current status : 30 Very high</p> <p>Risk owner: <a href="#">Tim Golby</a></p> <p>Accountable officer: <a href="#">Jennie Stephens</a></p> <p>Last review: 01 Jun 2016</p>	<p>Completed Test of Assurance</p> <p>Completed Succession Planning</p> <p>Completed Grading review: Adult Social Workers</p> <p>Green Workforce Development, including potential impact of devolution ask</p>

<p><b><u>SC1: School Transport</u></b></p> <p>Rising overspend on home to school transport is having deleterious effects on Education and Learning Core budgets and initiatives which are currently absorbing the substantial overspend. Action to address overspend has had limited short term impact against rising costs due to increased expectations and the complexity of individual transport requested.</p>	<p>Inherent status: 30 Very high</p> <p>Current status : 30 Very high</p> <p>Risk owner: <a href="#">Sarah Aggett</a></p> <p>Accountable officer: <a href="#">Sue Clarke</a></p> <p>Last review: 01 Jun 2016</p>	<p>Amber TCS</p> <p>Amber Management actions within TCS including route analysis and efficiency savings</p> <p>Green TCS monitoring and regular review across all areas of spend</p> <p>Green Policy regularly reviewed and adjusted to reduce areas of discretionary spend</p> <p>Green Actions identified through corporate transport project board</p>
<p><b><u>TG15: Reduction in Government funding affects service delivery</u></b></p> <p>Possible Potential loss of funding affecting DCC service delivery in the event of changes made in the Comprehensive Spending Review and subsequent local government settlement given inflationary pressures in market and demographic growth. Also, potential judicial risk, e.g. Supreme Court cases on separating nursing costs from care costs</p>	<p>Inherent status: 30 Very high</p> <p>Current status : 25 Very high</p> <p>Risk owner: <a href="#">Tim Golby</a></p> <p>Accountable officer: <a href="#">Jennie Stephens</a></p> <p>Last review: 07 Jun 2016</p>	<p>Completed Governing body of the CCG</p> <p>Completed Joint Commissioning Executive Group</p> <p>Completed Recent announcement of Success Regime</p> <p>Green Option of 2% precent</p> <p>Amber Increase in BCF funding</p>
<p><b><u>SC16: National Funding Formula and implications of the White Paper</u></b></p> <p>impact of consultation proposals to remove funding allocation for school improvement from September 2017. Potential time lag between changes in LA roles and responsibilities and reduction in Education Support Grant. Corporate budget implications and potential impact on School Improvement support for maintained schools. The White Paper sets out the Government's</p>	<p>Inherent status: 25 Very high</p> <p>Current status : 25 Very high</p> <p>Risk owner: <a href="#">Sue Clarke</a></p> <p>Accountable officer: <a href="#">Jennie Stephens</a></p> <p>Last review: 01 Jun 2016</p>	<p>Amber Awareness raised at CLT</p> <p>Amber Full council debate on white paper</p>

<p>intention for universal academisation by 2022 . LA financial resources will be removed earlier than when responsibilities change bringing a number of risks for maintained schools requiring support and the removal of capacity within DCC. Significant costs to DCC to facilitate each academy conversion. Transfer all school sites and other wider education assets to the DfE. Greater discretion for the Regional Schools Commissioner who will determine future arrangements for schools.</p>		
<p><b><u>IO13: Care Leavers in Education, Employment and Training</u></b></p> <p>Failure to join up approach across People leads to continuing high numbers of Care Leavers not in education, employment and training.</p>	<p>Inherent status: 30 Very high</p> <p>Current status : 25 Very high</p> <p>Risk owner: <a href="#">Jo Olsson</a></p> <p>Accountable officer: <a href="#">Jennie Stephens</a></p> <p>Last review: 01 Jul 2016</p>	<p><b>Green</b> To ensure regular reporting and sharing of data on care leavers with appropriate partners</p> <p><b>Amber</b> to ensure the offer from Careers South West is sufficiently bespoke to the needs of this group of y</p> <p><b>Amber</b> to develop use of POPP to support care leavers</p> <p><b>Amber</b> to work with business to develop the apprentice and internship provision</p>
<p><b><u>TG11: Market Capacity: Adult Social Care (Personal Care)</u></b></p> <p>The supply of personal care of the right quality is currently stretched in some parts of Devon increasing the risk that we cannot maintain all people who require it safely in their own homes, achieve safe discharge from hospital and with the potential to increase admissions to residential and nursing care.</p>	<p>Inherent status: 30 Very high</p> <p>Current status : 24 Very high</p> <p>Risk owner: <a href="#">Paul Collinge</a></p> <p>Accountable officer: <a href="#">Ian Hobbs</a></p> <p>Last review: 01 Jun 2016</p>	<p><b>Green</b> Refresh of the Adult Social Care Services Market Position Statement</p> <p><b>Green</b> Provider Engagement Network</p> <p><b>Green</b> Performance monitoring of call off against the Framework Agreement</p>

<p>Additionally, the CCG's planned closure of community hospitals presents a further market capacity risk with regard to intermediate care.</p>		<p>Green Work with providers to address capacity shortfall</p>
<p><b><u>HTM1: Failure to maintain C class and unclassified roads effectively.</u></b></p> <p>Deterioration of highway network due to insufficient planned and routine maintenance.</p>	<p>Inherent status: 24 Very high</p> <p>Current status : 24 Very high</p> <p>Risk owner: <a href="#">Joe Deasy</a></p> <p>Accountable officer: <a href="#">David Whitton</a></p> <p>Last review: 04 May 2016</p>	<p>Green Value for Money solutions</p> <p>Green Highway Monitoring</p> <p>Green Safety repairs</p> <p>Green Communication with stakeholders</p>
<p><b><u>HTM2: Lack of capacity or capability to respond effectively to highway safety related issues</u></b></p> <p>Potential for fatal and severe accidents to citizens due to lack of effective and timely repair or replacement of highway assets. This could be brought about by deteriorating highway condition, inability to meet policy level of service, inadequate procedures or poor staff/contract performance.</p>	<p>Inherent status: 24 Very high</p> <p>Current status : 24 Very high</p> <p>Risk owner: <a href="#">Joe Deasy</a></p> <p>Accountable officer: <a href="#">David Whitton</a></p> <p>Last review: 04 May 2016</p>	<p>Amber Highway Monitoring</p> <p>Amber Safety repairs</p> <p>Green Programme flexibility</p>
<p><b><u>HTM3: Lack of capacity or capability to effectively respond to extreme weather events</u></b></p> <p>Flooding and structural damage to the highway affecting citizens and property</p>	<p>Inherent status: 24 Very high</p> <p>Current status : 24 Very high</p> <p>Risk owner: <a href="#">Joe Deasy</a></p> <p>Accountable officer: <a href="#">David Whitton</a></p> <p>Last review: 04 May 2016</p>	<p>Green Highway Monitoring</p> <p>Green Winter Service and Emergency Plan</p> <p>Green Delivery of Planned works</p> <p>Green Preparedness</p> <p>Green Asset Management</p>
<p><b><u>PR01 - Supplier failure: financial and other pressures</u></b></p>		

<p><u>leading to the failure of supply markets</u></p> <p>Failure of DCC to adequately manage and support supply markets, defined as 3rd parties undertaking contractual work for DCC to fulfil our strategic objectives and legislative duties, could lead to the failure of those markets.</p>	<p>Inherent status: 20 High</p> <p>Current status : 20 High</p> <p>Risk owner: <a href="#">Kevin Balding</a></p> <p>Accountable officer: <a href="#">Justin Bennetts</a></p> <p>Last review: 22 Apr 2016</p>	<p>Green Integrated Category Management</p> <p>Completed Integrated Procurement Category Management (IPCM)</p> <p>Green Corporate Strategy for procurement performance 2008-11</p>
<p><u>KS20: Care management capacity and effectiveness</u></p> <p>Potential that pressures currently experienced by the care management service impact adversely on service user experience</p>	<p>Inherent status: 20 High</p> <p>Current status : 20 High</p> <p>Risk owner: <a href="#">Keri Storey</a></p> <p>Accountable officer: <a href="#">Jennie Stephens</a></p> <p>Last review: 07 Jun 2016</p>	<p>Amber Demand management work</p> <p>Amber Productivity work alongside demand management work</p> <p>Green Additional capacity in extended hours</p> <p>Amber Supported Living Project</p>
<p><u>IO15: Attainment of Looked After Children</u></p> <p>Lack of stability of care or school placements has a significant impact on education outcomes.</p> <p>White paper implications:</p> <ul style="list-style-type: none"> <li>• In a fully Academised system the Local authority's capacity to intervene, and assess impact or influence practice, especially around exclusions is likely to be more limited.</li> <li>• Funding for AP being passed to schools may impact on our ability to provide short term intervention or bespoke packages to meet the needs of pupils with challenging behaviour or emotional/medical needs.</li> <li>• The addition of support for adopted children to the role of the Virtual school could, depending on expectations, have a significant impact on the capacity</li> </ul>	<p>Inherent status: 30 Very high</p> <p>Current status : 20 High</p> <p>Risk owner: <a href="#">Jo Olsson</a></p> <p>Accountable officer: <a href="#">Jennie Stephens</a></p> <p>Last review: 01 Jun 2016</p>	<p>Green To join up current activity across Heads of Service and LDP.</p> <p>Green Refocus of LDP</p> <p>Green Data analysis</p> <p>Green virtual school</p>

of the virtual school team		
<p><b><u>KS19: Continuing Health Care (CHC)</u></b></p> <p>Significant delays in assessments and determinations of eligibility leading to operational inefficiencies and financial risk to the Council as well as impact on individuals and families</p>	<p>Inherent status: 25 Very high</p> <p>Current status : 20 High</p> <p>Risk owner: <a href="#">Keri Storey</a></p> <p>Accountable officer: <a href="#">Jennie Stephens</a></p> <p>Last review: 07 Jun 2016</p>	<p><b>Amber</b> Issues escalated to NEW Devon CCG and some actions agreed which may mitigate.</p> <p><b>Amber</b> Formal disputes now being raised and Disputes Protocol redraft but not yet signed off.</p> <p><b>Green</b> Training event planned for June/July for Adult Social Care Managers</p> <p><b>Green</b> Learning Disability Nurses to be 'unassigned' by July</p>
<p><b><u>TG29: Budget Management</u></b></p> <p>That a broader corporate overview of timing, impact or scope of service or policy changes gives rise to review or reconsideration of proposals</p>	<p>Inherent status: 25 Very high</p> <p>Current status : 20 High</p> <p>Risk owner: <a href="#">Tim Golby</a></p> <p>Accountable officer: <a href="#">Jennie Stephens</a></p> <p>Last review: 08 Jun 2016</p>	<p><b>Green</b> Thoroughness on consultation on proposals</p> <p><b>Green</b> Thorough impact and risk assessment of plans and policy change</p>
<p><b><u>TCS1: Public Transport Support Budget</u></b></p> <p>Additional Cost/ budget pressure due to:</p> <p>(a) withdrawal of commercial services, requiring DCC to respond to fill gaps in the bus network through additional support for services.</p> <p>(b) Risk of higher tender prices, given a prolonged period of lower tender prices.</p> <p>(c) funding reductions resulting in significant cuts in bus services.</p> <p>Refer to Cabinet report 10 June 2015</p>	<p>Inherent status: 20 High</p> <p>Current status : 20 High</p> <p>Risk owner: <a href="#">Damien Jones</a></p> <p>Accountable officer: <a href="#">John Smith</a></p> <p>Last review: 11 May 2016</p>	<p><b>Amber</b> Operational, policy and administrative efficiencies</p>



<p><a href="#">PR09 - Supplier brings a successful challenge in relation to a procurement</a></p> <p>Risk of successful challenge against DCC. (procurement challenge or Judicial review) Increasing propensity to challenge.</p>	<p>Inherent status: 16 High Current status : 16 High Risk owner: <a href="#">Justin Bennetts</a> Accountable officer: <a href="#">Justin Bennetts</a> Last review: 22 Apr 2016</p>	<p>Green Awareness</p>
<p><a href="#">PR06 - Inflationary pressure across markets impacts upon service delivery and budget pressures</a></p> <p>Impact on the authority (budgets) generally by global and local inflationary pressure Cost reduction and impact on markets Public sector service cuts over the coming years having a destabilising effect on local and national markets in the short term</p>	<p>Inherent status: 16 High Current status : 16 High Risk owner: <a href="#">Kevin Balding</a> Accountable officer: <a href="#">Justin Bennetts</a> Last review: 22 Apr 2016</p>	<p>Green Manage Expectations Amber Understand Markets</p>
<p><a href="#">PR06 - Data Protection breaches</a></p> <p>The Council may incur fines and legal actions for damages following incidents of misuse, loss, accidental or deliberate disclosure.</p>	<p>Inherent status: 24 Very high Current status : 16 High Risk owner: <a href="#">Carol Reece</a> Accountable officer: <a href="#">Colin MacKenzie</a> Last review: 22 Apr 2016</p>	<p>Green Staff training and awareness</p>
<p><a href="#">PR05 - Specifications and commissioning strategies not clearly defined service on behalf of the Council.</a></p> <p>Service specification not being sufficiently clearly defined to ensure value for money and optimal service outcomes. The tender specification is written around particular products and in some cases this may not actually be what other users require.</p>	<p>Inherent status: 16 High Current status : 16 High Risk owner: <a href="#">Kevin Balding</a> Accountable officer: <a href="#">Justin Bennetts</a> Last review: 22 Apr 2016</p>	<p>Green Compliance with Council Code of Conduct Amber Communication and training</p>

<p><b><u>FIN39: Failure to deliver priority services as a result of significantly reduced finances</u></b></p> <p>Reductions in government funding over the next 3 years will necessitate reductions in local government spending and service provision. DCC has responded by identifying savings in 2015/16 and is identifying the impact of further reductions in subsequent financial years via its Medium Term Financial Planning process. This risk covers both a failure to deliver priority services due to inadequate financial planning and an inability to respond to changes arising from significant reductions in Government Finance.</p>	<p>Inherent status: 20 High  Current status : 16 High  Risk owner: <a href="#">Chris Phillips</a>  Accountable officer: <a href="#">Mary Davis</a>  Last review: 16 May 2016</p>	<p>Amber Medium Term Financial Plan</p> <p>Completed Service Prioritisation 2011-12</p> <p>Completed Programme Devon</p> <p>Completed Work of "Meeting the Challenge" Group</p>
<p><b><u>SPOC15: Failure to prevent discriminatory practice/adhere to the Equality Act &amp; Public Sector Equality Duty</u></b></p> <p>Ensuring the Council gives due regard to the need to eliminate discrimination (end prohibited conduct), advance equality and foster good relations as required by the Public Sector Equality Duty (Equality Act 2010).</p>	<p>Inherent status: 16 High  Current status : 16 High  Risk owner: <a href="#">Jo Hooper</a>  Accountable officer: <a href="#">Roland Pyle</a>  Last review: 06 May 2016</p>	<p>Green (Equality) Impact Assessment</p> <p>Amber Equality Training and Competencies</p> <p>Green Equality Objectives (Fair for all Programme)</p> <p>Green Equality Reference Group</p> <p>Green Equality Framework for Local Government</p> <p>Amber Staff Surveys</p> <p>Green Discriminatory Incident Reporting</p> <p>Green Equality Policy</p> <p>Green Supporting employment policies</p> <p>Green Sufficient allocation of staff with responsibility for equality/impact assessment</p>

		<p>Green Information (Evidence base)</p> <p>Amber Customer diversity monitoring</p> <p>Green Equality Standards in Procurement</p> <p>Green Hate Crime Prevention</p> <p>Green Communications Toolkit</p> <p>Red Workforce diversity data</p> <p>Completed Learning from Judicial Review Project - implementing the recommendations</p> <p>Green Impact Assessment Performance Measures</p>
<p><b><u>Reduction in Public Health funding</u></b></p> <p>Drawback of Public Health reserve funds this year means that Public Health no longer have funding available to respond to immediate Public Health demands. It also may presage future reductions in the recurring funding which could impact on commissioned services</p>	<p>Inherent status: 15 High</p> <p>Current status : 15 High</p> <p>Risk owner: <a href="#">Mark Kealy</a></p> <p>Accountable officer: <a href="#">Tracey Polak</a></p> <p>Last review: 09 Jan 2016</p>	
<p><b><u>BI11 - Failure to adhere to information management standards</u></b></p> <p>Information is the main asset for DCC services and for the organisation and needs to be managed effectively. Failure to manage information lifecycles, find it when needed, share it appropriately and dispose of it when necessary can all create risks.</p>	<p>Inherent status: 18 High</p> <p>Current status : 15 High</p> <p>Risk owner: <a href="#">Carol Reece</a></p> <p>Accountable officer: <a href="#">Colin MacKenzie</a></p> <p>Last review: 22 Apr 2016</p>	<p>Amber Information asset registration</p> <p>Amber Information Standards</p> <p>Amber Electronic Documents and Records Management</p>
<p><b><u>SP1: Flood Risk Management</u></b></p>		

<p>Devon County Council became the Lead Local Flood Authority as defined by Flood and Water Management Act (FWMA) 2010 and, as a consequence, is responsible for managing the risk of local flooding from surface water run-off, groundwater and ordinary watercourses. The Act sets out a number of specific roles for the LLFA.</p> <p>This includes the risks associated with the obligations and expectations associated with this LLFA role, particularly in the light of the major flooding experienced in Devon in 2012 / early 2013 and the impending implementation of Schedule 3 of FWMA 2010 relating to Sustainable Drainage Systems (SuDS)</p> <p>[Note: no specific consideration here to the risk of flooding to DCC assets or the huge costs of responding to recovering from flood events, particularly linked to highway flooding.]</p>	<p>Inherent status: 20 High</p> <p>Current status : 12 Medium</p> <p>Risk owner: <a href="#">Martin Hutchings</a></p> <p>Accountable officer: <a href="#">Dave Black</a></p> <p>Last review: 11 Jan 2016</p>	<p>Green Capacity of the Flood Risk Management Team</p> <p>Completed Flood Risk Management Strategy / Flood Resilience Community Pathfinder project</p> <p>Green Consider options for operation of Sustainable Drainage Approvals Body</p>
<p><b><u>SPOC16: Failure to properly implement Impact Assessment in effective decision making</u></b></p> <p>The County Council has a legal duty under the Equality Act 2010 to publish information about people affected by its policies and practices. It also has a legal duty to give due regard to the need to eliminate discrimination, advance equality and foster good relations across nine protected characteristics. The County Council's method for meeting these duties is through the Impact Assessment report. Risks to the organisation of not adhering to the Duty are Judicial Review or lack of</p>	<p>Inherent status: 30 Very high</p> <p>Current status : 12 Medium</p> <p>Risk owner: <a href="#">Jo Hooper</a></p> <p>Accountable officer: <a href="#">Roland Pyle</a></p> <p>Last review: 06 May 2016</p>	<p>Green Monitoring and feedback</p> <p>Green Training and guidance</p> <p>Green Decision making procedures</p> <p>Green Escalation</p>

<p>consideration of community impacts which could result in harm, poor community relations, complaints about discrimination etc.</p>		
<p><b><u>SPOC1: Failure to realise opportunities and insight derived from successful collaboration with key partners</u></b></p> <p>RISK of not engaging effectively with partners exposes DCC to levels of uncertainty in terms of capacity, service delivery and finance; insight and learning not shared about opportunities to share resources/effect change; aspirations as system leaders not realised; Better Together and Operating Model not achieved. OPPORTUNITY for greater value-added benefits through co-operation with other agencies and place-based budgets. The following link defines partnerships in a RM context. <a href="http://staff.devon.gov.uk/services-for-communities/strategicintelligence/risk-management/devonway-riskmanagement/risk-management-partners/risk-management-in-partnerships.htm">http://staff.devon.gov.uk/services-for-communities/strategicintelligence/risk-management/devonway-riskmanagement/risk-management-partners/risk-management-in-partnerships.htm</a></p>	<p>Inherent status: 16 High</p> <p>Current status : 12 Medium</p> <p>Risk owner: <a href="#">Simon Kitchen</a></p> <p>Accountable officer: <a href="#">John Smith</a></p> <p>Last review: 21 Jan 2016</p>	<p>Green Leadership and governance arrangements</p> <p>Amber Communications between Partners (key individual networks)</p>
<p><b><u>HM12: Failure to maintain the A and B road network effectively leading to reduced surface life</u></b></p> <p>The risk of reduced life of the A and B road surfaces is influenced by several factors including the availability of an adequate budget to carry out work and deterioration factors such as severe winters and climate change.</p>	<p>Inherent status: 20 High</p> <p>Current status : 12 Medium</p> <p>Risk owner: <a href="#">Joe Deasy</a></p> <p>Accountable officer: <a href="#">David Whitton</a></p> <p>Last review: 04 May 2016</p>	<p>Amber Highways Asset Strategy</p> <p>Amber Assessment of Highway Drainage</p> <p>Green Materials Selection</p> <p>Green Re-evaluation of our approach to preventative maintenance</p>

20 Jun 2016



Page 58