

Phil Norrey  
Chief Executive

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To: The Chairman and Members of  
the Audit Committee

County Hall  
Topsham Road  
Exeter  
Devon  
EX2 4QD

(See below)

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Your ref :  
Our ref :

Date : 14 November 2016  
Please ask for : Wendy Simpson, 01392 384383

Email: wendy.simpson@devon.gov.uk

## **AUDIT COMMITTEE**

**Tuesday, 22nd November, 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 to consider the following matters.

P NORREY  
Chief Executive

## **AGENDA**

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

- 1 Apologies for absence
- 2 Minutes

Minutes of the meeting held on 7 September 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 Audit Letter 2015/16 (Pages 1 - 20)

Report of Grant Thornton (CT/16/98), attached.

- 5 External Audit Update (Pages 21 - 34)

Report of Grant Thornton (CT/16/100), attached.

6 Internal Audit Half Year Report 2016/17 (Pages 35 - 68)

Report of the County Treasurer (CT/16/99), attached.

7 Appointment of External Auditor (Pages 69 - 70)

Report of the County Treasurer (CT/16/93), attached.

8 Annual Report of the Corporate Risk Management Group (Pages 71 - 106)

Report of the Chief Officer for Communities, Public Health, Environment and Prosperity (OD/16/1), attached.

9 Future Meetings

Please use link below for County Council Calendar of Meetings:


<http://democracy.devon.gov.uk/ieDocHome.aspx?bcr=1>

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

Nil

*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), C Clarence (Vice-Chair), J Berry, F Biederman, 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



## EXTERNAL AUDIT – ANNUAL AUDIT LETTER FOR DEVON COUNTY COUNCIL 2015/16

### Report provided by Grant Thornton via the County Treasurer

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

**Recommendation:** that the Committee notes the attached report and findings within.

1. The attached report, provided by the Council's External Auditors (Grant Thornton), sets out the key findings arising from the work that they have carried out at the County Council for the year ended 2015/16.

Mary Davis  
Electoral Divisions: All  
Local Government Act 1972  
List of Background Papers

Contact for Enquiries:

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Background Paper: None



# The Annual Audit Letter for Devon County Council

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**Year ended 31 March 2016**

17 October 2016

**Elizabeth Cave**  
Director

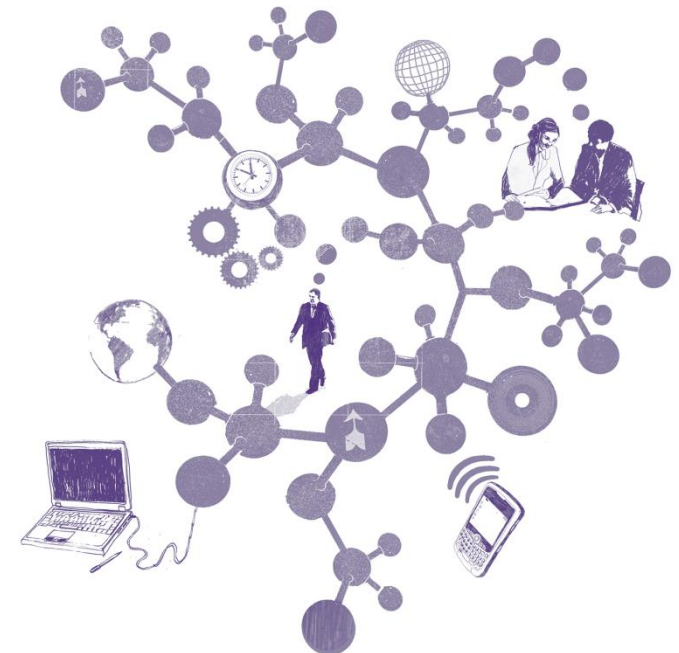
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A Reports issued and fees

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# Executive summary

## **Purpose of this letter**

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at Devon County Council (the Council) for the year ended 31 March 2016.

This Letter is intended to provide a commentary on the results of our work to the Council and its external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice (the Code) and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'.

We reported the detailed findings from our audit work to the Council's Audit Committee as those charged with governance in our Audit Findings Report on 7 September 2016.

## **Our responsibilities**

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Council's financial statements and those of the pension fund (section two)
- assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the financial statements, we comply with International Standards on Auditing (UK and Ireland) (ISAs) and other guidance issued by the NAO.

## **Our work**

### **Financial statements opinion**

We gave an unqualified opinion on the Council's financial statements and those of the Devon Pension Fund on 21 September 2016.

### **Value for money conclusion**

We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources during the year ended 31 March 2016. We reflected this in our audit opinion on 21 September 2016.

### **Use of additional powers and duties**

We are required under the Act to give electors the opportunity to raise questions about the Council's accounts and we consider and decide upon objections received in relation to the accounts. We have received an objection from an elector in relation to the Council's payments to Devon Partnership NHS Trust under the Care Act 2014 which we are investigating further.

### **Whole of government accounts**

We completed work on the Council's consolidation return following guidance issued by the NAO and issued an unqualified report on 14 October 2016.

## Certificate

We are unable to certify that we have completed the audit of the accounts of Devon County Council until we have concluded our work on the Objection. (also we have not yet completed the work required under the Code on the Council's Whole of Government Accounts – expected completion before issue)

## Other work completed

During the year we have carried our audit related services which include certification of Teachers' Pension end of year certificate and certification of School-centred initial teacher training (SCITT) annual returns.

## Working with the Council

During the year we have delivered a number of successful outcomes with you:

- An efficient audit – early testing, an earlier audit committee and the delivery of the audit opinion 9 days before the deadline
- Improved financial processes – during the year we reviewed your financial systems and processes and made comments to improve controls over journals and employee remuneration.
- Understanding your operational health – through the value for money conclusion we provided you with assurance on your operational effectiveness.
- Sharing our insight – we provided regular audit committee updates covering best practice.
- Providing training – we provided your teams with training on Better Care Fund accounting.

We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff.

**Grant Thornton UK LLP**  
**October 2016**

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# Audit of the accounts

## Our audit approach

### Materiality

In our audit of the Council's accounts, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for our audit of the Council's accounts to be £20,000,000, which is 1.75% of the Council's gross revenue expenditure. We used this benchmark, as in our view, users of the Council's accounts are most interested in how it has spent the income it has raised from taxation and grants during the year.

We also set a lower level of specific materiality for certain areas such as senior officer and auditor's remuneration.

We set a lower threshold of £1,000,000, above which we reported errors to the Audit Committee in our Audit Findings Report.

### Pension Fund

For the audit of the Devon Pension Fund accounts, we determined materiality to be £33,724,000, which is 1% of the Fund's net assets. We used this benchmark, as in our view, users of the Pension Fund accounts are most interested in the value of assets available to fund pension benefits.

We set a lower level of specific materiality for certain areas such as management expenses and related party transactions. We set a threshold of £1,686,000 above which we reported errors to the Audit Committee.

## The scope of our audit

Our audit involves obtaining enough evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error.

This includes assessing whether:

- the Council's accounting policies are appropriate, have been consistently applied and adequately disclosed;
- significant accounting estimates made by management are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the narrative report and annual governance statement to check they are consistent with our understanding of the Council and with the accounts on which we give our opinion.

We carry out our audit in line with ISAs (UK and Ireland) and the NAO Code of Audit Practice. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach was based on a thorough understanding of the Council's business and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

# Audit of the accounts - Council

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk
<p><b>Valuation of property plant and equipment</b></p> <p>The Council has revalued a large proportion of its Property, Plant and Equipment in year with a valuation date as at 31 December 2015. Their value is estimated by property valuation experts.</p> <p>The Council revalues these assets on a rolling basis.</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 8</p>	<p>As part of our audit work we have:</p> <ul style="list-style-type: none"> <li>• Reviewed management's processes and assumptions for the calculation of the estimate.</li> <li>• Reviewed the competence, expertise and objectivity of any management experts used.</li> <li>• Reviewed the instructions issued to valuation experts and the scope of their work</li> <li>• Discussed with the Council's valuer about the basis on which the valuation was carried out, challenging the key assumptions.</li> <li>• Reviewed and challenged the information used by the valuer to ensure it was robust and consistent with our understanding.</li> <li>• Tested revaluations made during the year to ensure they were input correctly into the Council's asset register</li> <li>• Evaluated the assumptions made by management for those assets not revalued during the year and how management satisfied themselves that these were not materially different to current value.</li> </ul> <p>We did not identify any issues to report.</p>
<p><b>Valuation of pension fund net liability</b></p> <p>The Council's pension fund asset and liability, as reflected in its balance sheet, represents a significant estimate in the accounts and comprises 52.5% of its total liabilities.</p> <p>The values of the pension fund net liability is estimated by specialist actuaries.</p>	<p>As part of our audit work we have:</p> <ul style="list-style-type: none"> <li>• Documented and walked through the key controls put in place by the Council to ensure they were designed as expected.</li> <li>• Reviewed the competence, expertise and objectivity of the actuary who carried out the Council's pension fund valuation</li> <li>• Gained an understanding of the basis on which the IAS 19 valuation was carried out, undertaking procedures to confirm the reasonableness of the actuarial assumptions made.</li> <li>• Reviewed the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial report from your actuary.</li> </ul> <p>We did not identify any issues to report.</p>

# Audit of the accounts – Council (continued)

Risks identified in our audit plan	How we responded to the risk
<p><b>Better Care Fund</b></p> <p>The Council entered into a s75 pooled budget arrangement as of 1 April 2015 with NHS South Devon and Torbay CCG and NHS Northern Eastern and Western Devon CCG. The accounting arrangements for this are complex.</p> <p>Our work has confirmed that the accounting treatment is appropriate given the nature of the financial relationships. The arrangement has been accounted for as a joint operation where each partner shows in its accounts its share of expenditure, assets and liabilities of the Better Care Fund.</p>	<p>As part of our audit work we have:</p> <ul style="list-style-type: none"> <li>• Gained an understanding of the Council's assessment of where control lies and the accounting entries made by the Council and confirm We have gained an understanding of the s75 agreements in place that govern the pooled budget.</li> <li>• Worked with the Council to gain an understanding of the Council's assessment of where control lies and the expected accounting entries to be made by the Council and confirmed this is in line with accounting standards and the code</li> <li>• Reviewed the design and implementation of the Council's controls over the Better Care Fund (BCF) pooled budget.</li> <li>• Tested the accounting entries made in respect of the BCF pooled budget to check they are consistent with our understanding of the arrangement and that transactions and balances recorded are consistent with those recorded by counterparty organisations, and are in accordance with accounting standards.</li> </ul> <p>We did not identify any issues to report.</p>
<p><b>New PFI Scheme – South West Devon Waste Partnership</b></p> <p>The Council entered into a new PFI waste partnership arrangement with Plymouth City Council and Torbay Council (the Partnership) in 2015/16.</p>	<p>As part of our audit work we have:</p> <ul style="list-style-type: none"> <li>• Discussed with the Council the proposed accounting treatment and justification of this scheme</li> <li>• Gained an understanding of the agreements in place that govern the scheme and the Council's proposed accounting treatment and justification of this assessment and confirm this is in line with accounting standards and the code</li> <li>• Reviewed the PFI model to be used by the Council</li> <li>• Tested the accounting entries made in respect of the PFI arrangement to check they are consistent with our understanding of the arrangement and the model.</li> </ul> <p>We did not identify any issues to report.</p>

# Audit of the accounts – Pension Fund

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work on the audit of the pension fund.

Risks identified in our audit plan	How we responded to the risk
<p><b>Valuation of level 3 investments</b>            Level 3 investments are those where there is no existing market and the valuation depends on matters that are more subjective. These represent 2.3% of the Pension Fund's net assets.</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 10</p>	<p>As part of our audit work we:</p> <ul style="list-style-type: none"> <li>gained an understanding of the transaction including a review of supporting documentation and carried out walkthrough tests of the controls identified in the cycle.</li> <li>Tested a sample of investments by obtaining and reviewing the audited accounts at latest date for individual investments and agreeing these to the fund manager reports at that date. Reconciliation of those values to the values at 31st March with reference to known movements in the intervening period.</li> <li>Reviewed the qualifications of fund managers as experts to value the level 3 investments at year end and gain an understanding of how the valuation of these investments has been reached.</li> <li>Reviewed the nature and basis of estimated values and considered what assurance management has over the year end valuations provided for these types of investments.</li> <li>Reviewed the competence, expertise and objectivity of any management experts used.</li> </ul> <p>We did not identify any issues to report.</p>

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# Audit of the accounts

## Audit opinion

We gave an unqualified opinion on the Council's accounts on 21 September 2016, in advance of the 30 September 2016 national deadline.

The Council made the accounts available for audit in line with the agreed timetable which was two weeks earlier than in previous years, and provided a good set of working papers to support them. The finance team responded promptly and efficiently to our queries during the course of the audit.

## Issues arising from the audit of the accounts

We reported the key issues from our audit of the accounts of the Council to the Council's Audit Committee on 7 September 2016.

In addition to the key audit risks reported above, we identified the following issues during our audit that we have asked the Council's management to address for the next financial year:

- Journals above a threshold determined by the Council should be authorised by a separate individual regardless of who has posted the journal.
- The Council should ensure all line managers are aware of the requirements to provide timely information to HR and the payroll team for any changes in situation for an employee which impacts their pay to prevent overpayment or incorrect employee remuneration.

## Pension fund accounts

We also reported the key issues from our audit of accounts of the Pension Fund hosted by the Council to the Council's Audit Committee on 7 September 2016. There were no significant issues arising.

In addition to the key audit risks reported above, we identified the same issue relating to journals outlined above during our audit.

## Annual Governance Statement and Narrative Report

We are also required to review the Council's Annual Governance Statement and Report of the Treasurer and Chief Executive – now technically known as the Narrative Report. It published them on its website with the draft accounts in line with the national deadlines.

Both documents were prepared in line with the relevant guidance and were consistent with the supporting evidence provided by the Council and with our knowledge of the Council.

## Whole of Government Accounts (WGA)

We carried out work on the Council's consolidation schedule in line with instructions provided by the NAO. We issued a group assurance certificate which did not identify any issues for the group auditor to consider.

## Other statutory duties

We also have additional powers and duties under the Act, including powers to issue a public interest report, make written recommendations, apply to the Court for a declaration that an item of account is contrary to law, and to give electors the opportunity to raise questions about the Council's accounts and to raise objections received in relation to the accounts.

We are currently considering an objection raised by a local elector on the Council's payments to Devon Partnership NHS Trust under the Care Act 2014 which we are investigating further.

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# Value for Money conclusion

## Background

We carried out our review in accordance with the NAO Code of Audit Practice (the Code), following the guidance issued by the NAO in November 2015 which specified the criterion for auditors to evaluate:

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

## Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the key risks where we concentrated our work.

The key risks we identified and the work we performed are set out in table 2 overleaf.

As part of our Audit Findings report agreed with the Council in September 2016, we agreed recommendations to address our findings. Our recommendations were that:

- The Council should monitor and report performance and achievement of savings against each item in the annual savings plan.
- The Council should ensure timelines and responsibilities are agreed to ensure the development and delivery of its transformation plan.

## Overall VfM conclusion

We are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2016.

We are satisfied that, in all significant respects, except for the matter we identified below, the Council had proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2016.



# Value for Money

**Table 2: Value for money risks**

Risk identified	Work carried out	Findings and conclusions
<p><b>Better Care Fund</b> The Council aims to make wide ranging changes to help deliver adult health and social care services in a more joined-up way. Working with partners from different organisations and service areas with potentially conflicting priorities, the project is complex and high profile.</p>	<p>We reviewed project management and risk assurance frameworks established by the Council to establish how it is identifying, managing and monitoring risks associated with the Better Care Fund.</p>	<p>During 2015/16 the Council has worked collaboratively with health and social care partners to delivery the Better Care Fund (BCF) Strategy. Devon County Council is the administering authority for the Better Care fund budget of £60m. Governance arrangements are in place to administer the fund with sub teams set up to consider delivery as well as financial aspects of the Fund. This is as well as having oversight from the Joint Coordinating Commissioning Group and the Health and Well Being Board. There is a clear framework and risk sharing has been defined.</p> <p>The strategic aims of the Council and its partners in 2015/16 included reducing emergency admissions to hospitals and enabling people to leave hospital in a timely way. In the next 2 to 5 years, the BCF is looking to increase dementia diagnosis as well as investing in activities that keep people healthier for longer. During the course of the year, the performance target to reduce hospital admissions by 3.5% was not met in the final quarter of 2014/15 and quarter 1,2 and 3 of 2015/16. Given the target has not been met over the 12 month period there has ben a reduction in the Better Care Fund budget of £4.1m which has been passed to providers of healthcare. For diagnosis of dementia, the rate had steadily been increasing throughout the year, although delays in the agreement around the national indicator impacted on the reporting.</p> <p>Overall, it is early stages for the implementation of the Better Care Fund given 2015/16 was the first year however more work is needed to be done to achieve its objectives. The Council has demonstrated closer working with partners which should assist in the Better Care Fund achieving its aims going forward.</p>

# Value for Money (continued)

**Table 2: Value for money risks**

Risk identified	Work carried out	Findings and conclusions
<p><b>Medium term financial planning and transformational change</b></p> <p>Whilst the Council set a balanced budget for 2015/16 and 2016/17, and has increased council tax by the maximum permitted, finding additional savings in future years remains a significant challenge. The latest medium term financial plan outlines that £36.9m of savings for 2017/18 onwards still need to be found. To achieve this whilst maintaining provision of service presents a challenge. The Council is engaging with external parties to identify opportunities for savings and transformational change. There is a risk of not achieving the required savings and the proposed transformational plans will be insufficient to bridge the gap in the medium term.</p>	<p>We reviewed the Council's arrangements for updating, agreeing and monitoring its Medium Term Financial Plan. Specifically we considered the robustness of the financial planning assumptions and arrangements for ensuring the financial projections are realistic and achievable.</p> <p>Our review also considered the transformational change programme and the arrangements in place for delivery</p>	<p>The Council has a strong track record of delivering to budget and has a balanced budget for 2016/17.</p> <p>The Council has a medium term financial plan for the period 2016/17 to 2019/20 approved by the Council in February 2016 which includes savings plans identified and gaps. This is supported by a rolling 4 year plan which provides details of individual savings plans and owners and is updated on a regular basis. The next update is planned for August 2016. Savings plans identified in the Medium term financial plan are suitably robust given the timescales for delivery. The Council has reduced the savings required for Children's and Adult services given the demand pressures and high costs in those areas and has factored this into the medium term financial plan identifying other savings as required.</p> <p>Despite having plans in place the Council has to continue to achieve significant savings in the medium term whilst meeting current demand for services. In order to achieve the required savings, the Council has started a transformational change programme however this is at a very early stage and more work needs to be done to achieve the required savings particularly in 2018/19 which, based on projections, will be particularly challenging.</p> <p>The Council has a £23m Budget management contingency, half of which has originated from reducing the revenue provision for future debt repayment in the short term. The impact of this policy in future years has been explained to Members. The benefit is expected to be used in 2017/18 to maintain current services taking into account future demand in a particularly challenging year. The contingency fund will allow services to be maintained whilst the transformation review takes place and has time to develop to have an expected impact in 2018/19.</p> <p>Overall, we have concluded that the Council has appropriate arrangements in place to manage the risk. The Council has proper arrangements in place to ensure it plans finances effectively in the medium term to support its strategic functions.</p>

# Value for Money (continued)

**Table 2: Value for money risks**

Risk identified	Work carried out	Findings and conclusions
<p><b>Financial outturn</b>            During the year, the Council forecast an overspend in the People Directorate of £8.8m and showed an overspend of £9.8m at the end of the financial year. Across the Council, in People and Place services, there has been considerable budgetary pressure and as a consequence in recent years overspends have occurred on both sides of the business. Given the demands on the service during the year, the change to spend within budget remains.</p>	<p>We reviewed the Council's arrangements for 2016/17 budget setting including identification of savings plans. We reviewed the arrangements for monitoring and managing delivery of the 2015/16 budget and savings plans.</p>	<p>The Council has dealt with significant budget pressures during 2015/16. The People services directorate overspend of £9.8m was primarily driven by the increase in demand for services and higher costs of care for Children's Social work and Child protection.</p> <p>Despite the challenges faced, the Council during the course of the year managed its budget to bring it into balance. This was achieved primarily by a change in the Minimum Revenue Provision which was considered by Members at the Corporate Scrutiny Committee and approved by the Council in February 2016. This has resulted in a £11.5 million benefit for 2015/16 and will also reduce budgetary pressures as benefits will continue to accrue to the revenue account for a further 15 years; although of a reducing amount. Years 18 to 50 will see an increase in the charge to the revenue account.</p> <p>The Council manages its planned savings during the year as part of its budgetary control. It is not clear what the Council has delivered against its planned savings for 2015/16. In our view, to improve accountability, performance against planned savings should be monitored and reported against individual savings plans.</p> <p>The Council has set a balanced budget for 2016/17, however early indications suggest budgetary pressures in Adult and Children's services remain in 2017/18. The Council has been prudent in its budget setting for 2016/17 and has built in appropriate risk based contingencies however if demand in these areas continue to increase, this will present a significant challenge.</p> <p>On that basis we concluded that the risk was sufficiently mitigated and the Council has proper arrangements in place to ensure it plans finances effectively to support its strategic functions.</p>

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# Working with the Council

## Our work with you in 2015/16

We are really pleased to have worked with you over the past year. We have established a positive and constructive relationship. Together we have delivered some great outcomes:

An efficient audit – we delivered the accounts audit 9 days before the deadline and in line with the timescale we agreed with you. Our team are knowledgeable and experienced in your financial accounts and systems.

We worked with your team to bring forward the financial statements audit moving towards early close in 2018. Early consultation on key technical developments ie the PFI and change in minimum revenue provision took place in good time to ensure a smooth final audit.

Improved financial processes – during the year we reviewed your financial systems and processes including journals, employee remuneration, non-pay expenditure and property plant and equipment. We worked with you to streamline your processes and made comments to improve controls over journals and employee remuneration.

Understanding your operational health – through the value for money conclusion we provided you with assurance on your future financial planning and financial control. We highlighted the need for monitoring and reporting the achievement of savings and to ensure timelines and responsibilities are agreed to ensure the development and delivery of the Council's transformation plan.

Sharing our insight – we provided regular audit committee updates covering best practice. Areas we covered included Innovation in public financial management, Knowing the Ropes – Audit Committee; Effectiveness Review, Making devolution work, and Reforging local government. We have also shared with you our insights on advanced closure of local authority accounts, in our publication "Transforming the financial reporting of local authority accounts" and will continue to provide you with our insights as you bring forward your production of your year-end accounts.

Thought leadership – We have shared with you our publication on Building a successful joint venture and will continue to support you as you consider greater use of alternative delivery models for your services.

Providing training – we provided your teams with training on Better Care Fund accounting. The course was attended by an officer at the Council.

Supporting development – we provided workshops for officers on joint ventures and this was attended by an officer at the Council.

Providing information – We provided you with access to CFO insights, our online analysis tool providing you with access to insight on the financial performance, socio-economy context and service outcomes of councils across the country.

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# Working with the Council (continued)

## Working with you in 2016/17 Highways Network Asset

The Code of Practice on Local Authority Accounting (the Code) requires authorities to account for Highways Network Asset (HNA) at depreciated replacement cost (DRC) from 1 April 2016. The Code sets out the key principles but also requires compliance with the requirements of the recently published Code of Practice on the Highways Network Asset (the HNA Code), which defines the assets or components that will comprise the HNA. This includes roads, footways, structures such as bridges, street lighting, street furniture and associated land. These assets should always have been recognised within Infrastructure Assets.

The Code includes transitional arrangements for the change in asset classification and the basis of measurement from depreciated historic cost (DHC) to DRC under which these assets will be separated from other infrastructure assets, which will continue to be measured at DHC.

This is expected to have a significant impact on the Council's 2016/17 accounts, both in values and levels of disclosure, and may require considerable work to establish the opening inventory and condition of the HNA as at 1 April 2016.

Under the current basis of accounting values will only have been recorded against individual assets or components acquired after the inception of capital accounting for infrastructure assets by local authorities. Authorities may therefore have to develop new accounting records to support the change in classification and valuation of the HNA.

The nature of these changes means that Finance officers will need to work closely with colleagues in the highways department and potentially also to engage other specialists to support this work.

Some of the calculations are likely to be complex and will involve the use of external models, a combination of national and locally generated rates and a number of significant estimates and assumptions.

We have been working with the Council on the accounting, financial reporting and audit assurance implications arising from these changes.

This significant accounting development is likely to be a significant risk for our 2016/17 audit, so we have already had some preliminary discussions with the Council to assess the progress it is making in this respect. Our discussions with Council Officers to date have highlighted the following:

- The Council has an implementation plan which is being developed
- The Council's internal audit have conducted a review of the Highway Network Asset project for which the Council has a number of actions which need to be addressed
- The Council is to carry out further checks on the Highway Network asset data before external audit early testing is to be carried out

---

## Working with the Council (continued)

We will continue to liaise closely with the senior finance team during 2016/17 on this important accounting development, with timely feedback on any emerging issues.

The audit risks associated with this new development and the work we plan to carry out to address them will be reflected in our 2016/17 audit plan.

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We will also continue to work with you and support you over the next financial year.

Locally our focus will be on:

- An efficient audit – continuing to deliver an efficient audit carrying out early testing where possible to assist in delivering early close
- Key developments- continue with the dialogue in relation to Highway Network Asset and conduct early testing with respect to this
- Improved financial processes – we will focus our work with the view to place reliance on controls testing
- Understanding your operational health – we will focus our value for money conclusion work on the transformational plan and the development and monitoring of savings plans

# Appendix A: Reports issued and fees

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

## Fees

	Planned £	Actual fees £	2014/15 fees £
Statutory audit of Council	105,281	112,786	140,374
Statutory audit of Pension Fund	28,603	28,603	28,603
<b>Total fees (excluding VAT)</b>	<b>133,884</b>	<b>141,389</b>	<b>168,977</b>

A fee variation for the statutory audit of the Council of £7,505 is made up of the following:

- a £4,966 variation is in relation to the audit and review of the accounting treatment of the new PFI South West Energy from Waste contract; and
- a £2,539 variation is due to further work being performed in relation to journals testing where a control weakness was identified

Fee variations are subject to approval by Public Sector Audit Appointments Ltd

## Reports issued

Report	Date issued
Audit Plan	23 March 2016
Audit Findings Report	7 September 2016
Annual Audit Letter	17 October 2016

## Fees for other services

Service	Fees £
<b>Audit related services:</b>	
• Certification of Teachers' Pension end of year certificate	<b>4,200</b>
• Certification of School-centred initial teacher training (SCITT) annual returns	<b>3,700</b>
<b>Non-audit services</b>	<b>7,900</b>



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## EXTERNAL AUDIT – UPDATE

### Report provided by Grant Thornton via the County Treasurer

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

**Recommendation:** that the Committee notes the attached report and findings within.

1. The attached report, provided by the Council's External Auditors (Grant Thornton), sets out the progress in delivering their responsibilities as the County Council's external auditors and includes a summary of emerging national issues and developments relevant to the Council.

Mary Davis  
Electoral Divisions: All  
Local Government Act 1972  
List of Background Papers

Contact for Enquiries:

[Andrew J Shaw](#) | **Manager** | **Audit**

For Grant Thornton UK LLP

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Background Paper: None



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

Page 23  
November 2016

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Director

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Manager

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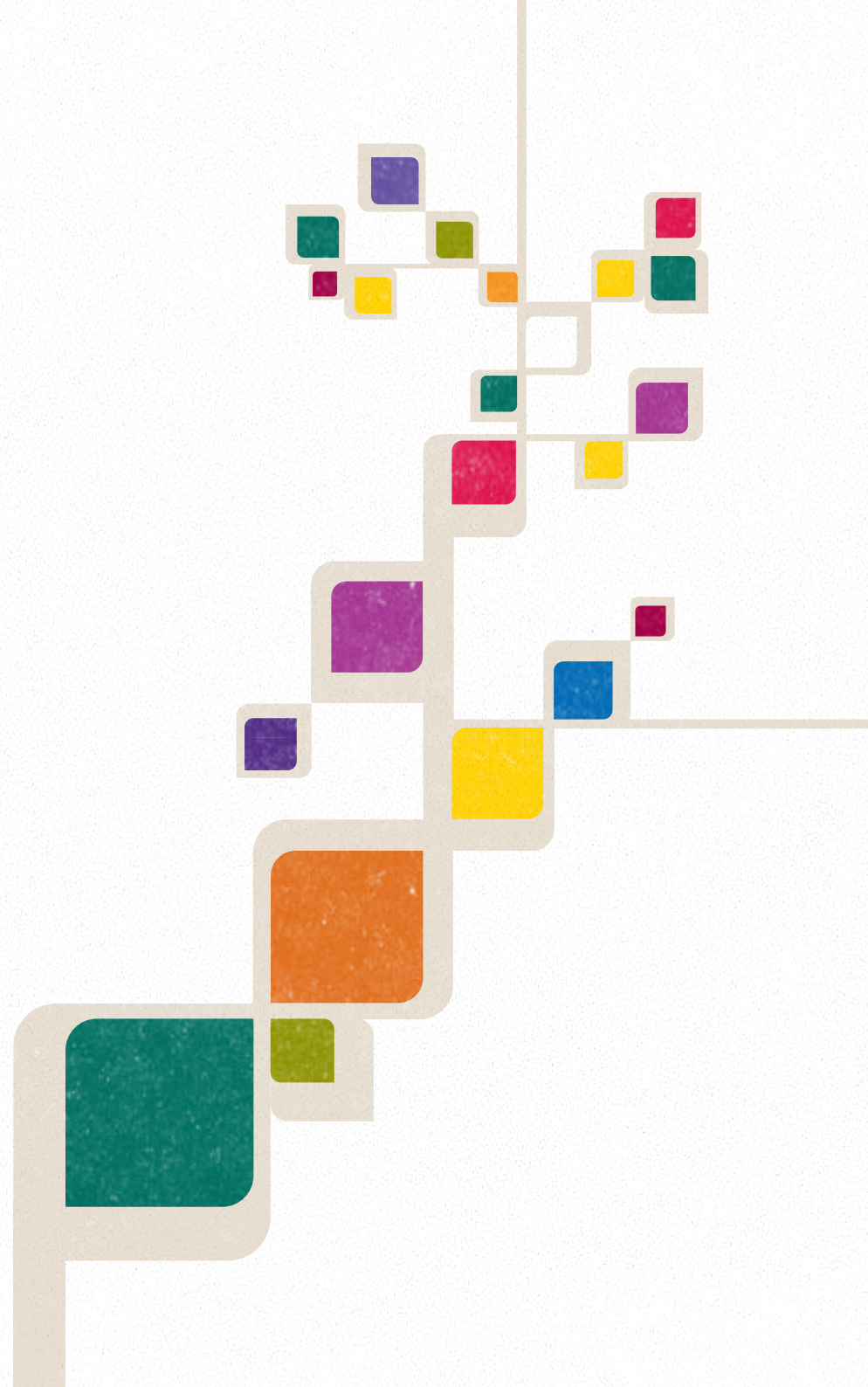
E [andrew.j.shaw@uk.gt.com](mailto:andrew.j.shaw@uk.gt.com)

**Tori Redler**

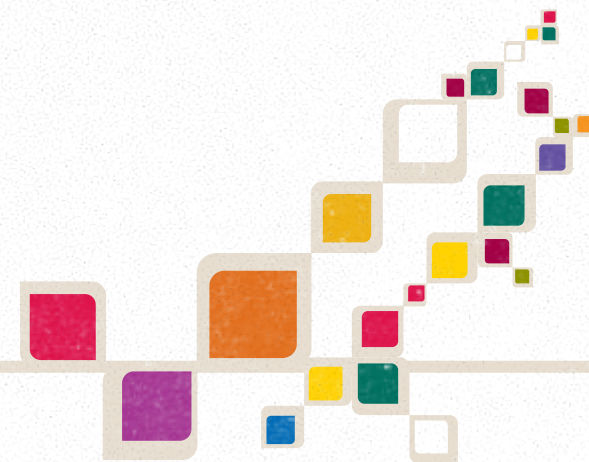
In Charge Auditor

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.



# 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:

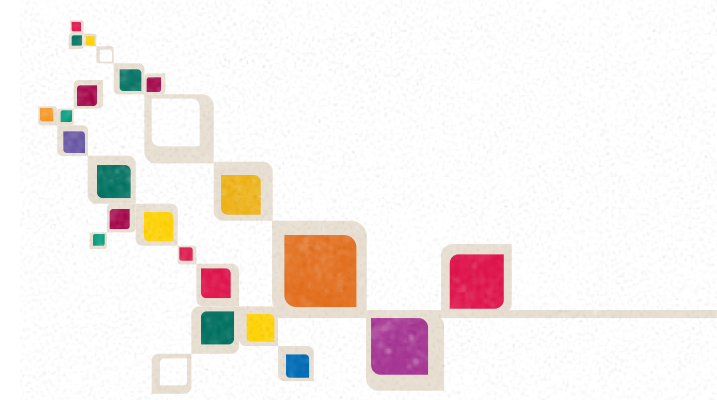
- Re-forging local government: Summary findings of financial health checks and governance reviews (December 2015)  
<http://www.grantthornton.co.uk/en/insights/reforging-local-government/>,
- Advancing closure: Transforming the financial reporting of local authority accounts (August 2016)  
<http://www.grantthornton.co.uk/en/insights/advancing-closure-the-benefits-to-local-authorities/>

**Members and officers may also be interested in our webinars:**

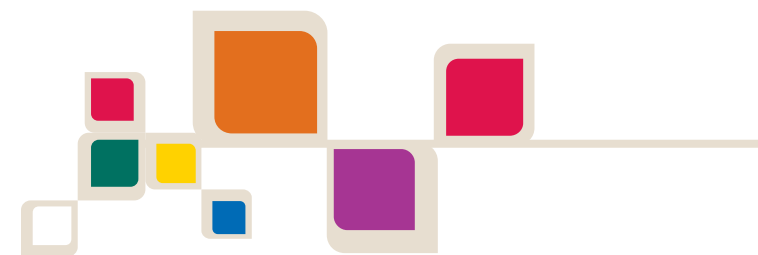
**Alternative delivery models:** Interview with Helen Randall of Trowers and Hamlins, discussing LATCs and JVs in local government. <http://www.grantthornton.co.uk/en/insights/qa-on-local-authority-alternative-delivery-models/>

**Cyber security in the public sector:** Our short video outlines questions for public sector organisations to ask in defending against cyber crime <http://www.grantthornton.co.uk/en/insights/cyber-security-in-the-public-sector/>

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.

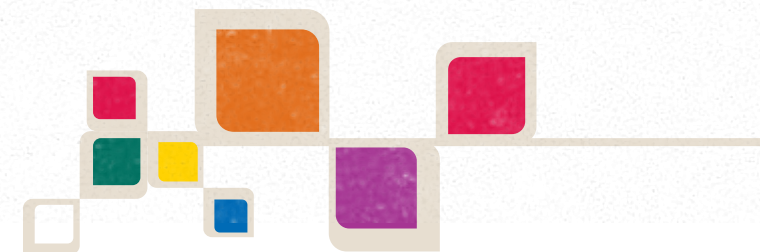


# Progress at November 2016



2015/16 work	Planned Date	Complete?	Comments
<p><b>Fee Letter</b></p> <p>We are required to issue a 'Planned fee letter for 2015/16' by the end of April 2015</p>	April 2015	Yes	We were also required to issue the fee letter for 2016/17, with no change to the fee proposed.
<p><b>Accounts Audit Plan</b></p> <p>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.</p>	March 2016	Yes	We were required to issue the audit plan to the Audit Committee which was presented in March 2016.
<p><b>Interim accounts audit</b></p> <p>Our interim fieldwork visit plan included:</p> <ul style="list-style-type: none"> <li>• updated review of the Council's control environment</li> <li>• updated understanding of financial systems</li> <li>• review of Internal Audit reports on core financial systems</li> <li>• early work on emerging accounting issues</li> <li>• early substantive testing</li> <li>• Value for Money conclusion risk assessment.</li> </ul>	January to March 2016	Yes	We completed our interim work in line with plan and reported the results of this work to the Audit Committee in March 2016.
<p><b>Final accounts audit</b></p> <p>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> <li>• proposed Value for Money conclusion</li> <li>• review of the Council's disclosures in the consolidated accounts against the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16</li> </ul>	June to August 2016	Yes	<p>Our final accounts audit and VFM work is completed. The findings of our work were reported in the Audit Findings Report in September 2016. We issued an unqualified opinion in respect of both your financial statements and VFM conclusion.</p> <p>Our Annual Audit Letter summarising the results of our 2015/16 work is included on this agenda.</p>

# Progress at November 2016



2015/16 work	Planned Date	Complete?	Comments
<p><b>Value for Money (VfM) conclusion</b></p> <p>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".</p> <p>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".</p> <p>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 2016</p>	<p>Yes</p>	<p>Our VFM work is complete. The findings of our work were reported in September 2016.</p> <p>Based on the work we performed to address the significant risks, we concluded that the Council had proper arrangements in all significant respects to ensure it delivered value for money in its use of resources.</p>
<p><b>Other areas of work</b></p> <p>Audit completion</p>	<p>On-going</p>	<p>On going</p>	<p>We have received an objection on the accounts and we are currently considering the implications of this as part of our financial statements audit for 2015/16.</p> <p>We are currently unable to issue the audit certificate due to outstanding work in relation to an objection received from a local elector.</p>

# Grant Thornton Emerging Issues

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# Advancing closure: the benefits to local authorities

With new regulation bringing forward the required publishing date for accounts local authorities must consider the areas needed to accelerate financial reporting.

Page 29

In February 2015, regulations were laid before parliament confirming proposals to bring forward the date by which local authority accounts must be published in England. From 2017-18, authorities will need to publish their audited financial statements by 31 July, with Wales seeking to follow a similar approach over the next few years.

Many local government bodies are already experiencing the benefits of advancing their financial reporting processes and preparing their accounts early, including:

- raising the profile of the finance function within the organisation and transforming its role from a back office function to a key enabler of change and improvement across the organisation;
- high quality financial statements as a result of improved quality assurance arrangements;
- greater certainty over in-year monitoring arrangements and financial outturn position for the year, supporting members to make more informed financial decisions for the future;
- improved financial controls and accounting systems, resulting from more efficient and refined financial processes; and
- allowing finance officers more time to focus on forward looking medium term financial planning and transformational projects, to address future financial challenges.
- While there is no standard set of actions to achieve faster close there are a number of consistent key factors across the organisations successfully delivering accelerated closedown of their accounts, which our report explores in further details:
- Enabling sustainable change requires committed leadership underpinned by a culture for success
- Efficient and effective systems and processes are essential
- Auditors and other external parties need to be on board and kept informed throughout

Grant Thornton reports



<http://www.grantthornton.co.uk/en/insights/advancing-closure-the-benefits-to-local-authorities/>

# 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 30

'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



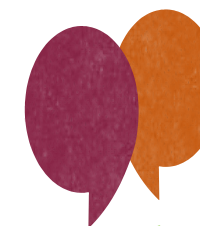
# CFO Insights – driving performance through insight and benchmarking

## Budget 2016-17 insights review

CFO insights is an online analysis tool that gives those aspiring to improve the financial position of their local authority instant access to insight on the financial performance, socio- economy context and service outcomes of every council in England, Scotland and Wales.

Data on local government revenue budgets has recently been released by the Department for Communities and Local Government (DCLG) for the current financial year, 2016/17. There have been a number of small but significant changes to local government funding and we wanted to explore, using our CFO Insights tool, the impact of these changes. As the greatest impact will be on county and single tier authorities we have decided to focus our analysis on those.

Page 31



We are happy to organise a demonstration of the tool if you want to know more.

# Future events and workshops

## *Joint Venture seminar on 6<sup>th</sup> December 2016*

Following publication of our 'Better Together' report we are running a workshop in Taunton. The session will include presentations from the practitioners interviewed in preparing our report, including Arthur Hooper, Managing Director of Cormac

The event will provide an invaluable insight into setting up and running joint venture companies

For further information or to book your place, please contact your Audit Manager or Lynsey Searle  
T +44 (0)117 305 7930

[lynsey.searle@uk.gt.com](mailto:lynsey.searle@uk.gt.com)

## *Mental Health Collaboration Summit on 1<sup>st</sup> December 2016*

Following on from our 'joining the dots, not picking up the pieces' publication on collaborative working in Mental Health we are running our first Mental Health Collaboration summit in the southwest. This summit provides an opportunity for sharing good practice and innovative partnership approaches that are being developed between health, police, social care and voluntary sectors. This summit offers the opportunity to gain and insight into the Southwest environment.

For further information or to book your place, please contact your Audit Manager or Michelle Weeks  
T +44 (0)117 305 7830

[michelle.s.weeks@uk.gt.com](mailto:michelle.s.weeks@uk.gt.com)

## *Sustainability and Transformation Plans – Early learning 13<sup>th</sup> December 2016*

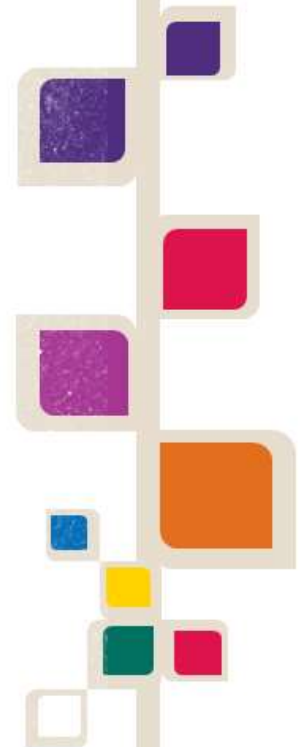
This round table event will consider early progress in delivering this approach to joined up health provision. Our event will consider:

- how best to ensure sufficient capacity and leadership is made available to inform the STP
- methods to ensure full consultation, engagement and buy-in by all partners and stakeholders
- the importance of accurate and consistent information to inform decisions
- early wins in terms of new ways of service provision

For further information or to book your place, please contact your Audit Manager or Moira Browne  
T +44 (0)117 305 7689

[moira.b.browne@uk.gt.com](mailto:moira.b.browne@uk.gt.com)

## Grant Thornton events





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GRT102468



## INTERNAL AUDIT HALF YEAR REPORT 2016/17 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 the first six months of 2016/17.
  - 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. The attached report provides the six month audit opinion of the Council's Internal Audit Service (Devon Audit Partnership) and describes the progress to date against the internal audit plans for 2016/17 that were approved by the Audit Committee in March 2016. This 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 continues to have 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>
-------------------------	-------------	-----------------

Internal Audit Plan 23rd March 2016 CT/16/30

There are no equality issues associated with this report





Internal Audit

Half Year Report 2016/17

Devon County Council  
Audit Committee

Page 37  
November 2016

Not Protectively Marked



Auditing for achievement

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## Devon Audit Partnership

The Devon Audit Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay and Devon councils. We aim to be recognised as a high quality internal audit service in the public sector. We work with our partners by providing a professional internal audit service that will assist them in meeting their challenges, managing their risks and achieving their goals. In carrying out our work we are required to comply with the Public Sector Internal Audit Standards along with other best practice and professional standards.

The Partnership is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on our service, processes or standards, the Head of Partnership would be pleased to receive them at [robert.hutchins@devonaudit.gov.uk](mailto:robert.hutchins@devonaudit.gov.uk).

## Confidentiality and Disclosure Clause

This report is protectively marked in accordance with the government security classifications. It is accepted that issues raised may well need to be discussed with other officers within the Council, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation's disclosure policies.

This report is prepared for the organisation's use. We can take no responsibility to any third party for any reliance they might place upon.

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## Introduction

The Audit Committee, under its Terms of Reference contained in Devon County Council's Constitution, is required to consider the Chief Internal Auditor's audit reports, to monitor and review the internal audit programme and findings, and to monitor the progress and performance of Internal Audit.

The Accounts and Audit (Amendment) (England) Regulations 2006 introduced the requirement that all Authorities need to carry out an annual review of the effectiveness of their internal audit system, and need to incorporate the results of that review into their Annual Governance Statement (AGS), published with the annual Statement of Accounts.

The Internal Audit plan for 2016/17 was presented to and approved by the Audit Committee in March 2016. The following report and appendices set out the current position of the audit service provision; reviews work undertaken to date in 2016/17 and provides an opinion on the overall adequacy and effectiveness of the Authority's internal control environment.

The Public Sector Internal Audit Standards require the Head of Internal Audit to provide a report providing an opinion that can be used by the organisation to inform its governance statement. This report provides a position statement at half year on the progress towards that opinion.

### Expectations of the Audit Committee from this half year report

Audit Committee members are requested to consider the;

- assurance statement within this report;
- completion of audit work against the plan;
- scope and ability of audit to complete the audit work;
- progress impact against strategic aims;
- audit coverage and findings provided;
- overall performance and customer satisfaction on audit delivery.

In review of the above the Audit Committee are required to consider the assurance provided alongside that of the Executive, Corporate Risk Management and external assurance including that of the External Auditor as part of the Governance Framework and satisfy themselves from this assurance that the internal control framework continues to be maintained.

**Robert Hutchins**  
**Head of Audit Partnership**

## Assurance Statement

**Overall, based on work performed during 2016/17 and our experience from the current year progress and previous years audit, the Head of Internal Audit's Opinion is of "Significant Assurance" on the adequacy and effectiveness of the Authority's internal control framework.**

*This assurance statement is in line with the definitions below and will provide Members with an indication of the direction of travel for their consideration for the Annual Governance Statement.*

The Authority's internal audit plan for the current year includes specific assurance, risk, governance and value added reviews which, together with prior years audit work, provide a framework and background within which we are able to assess the Authority's control environment. These reviews have informed the Head of Internal Audit's Opinion on the internal control framework.

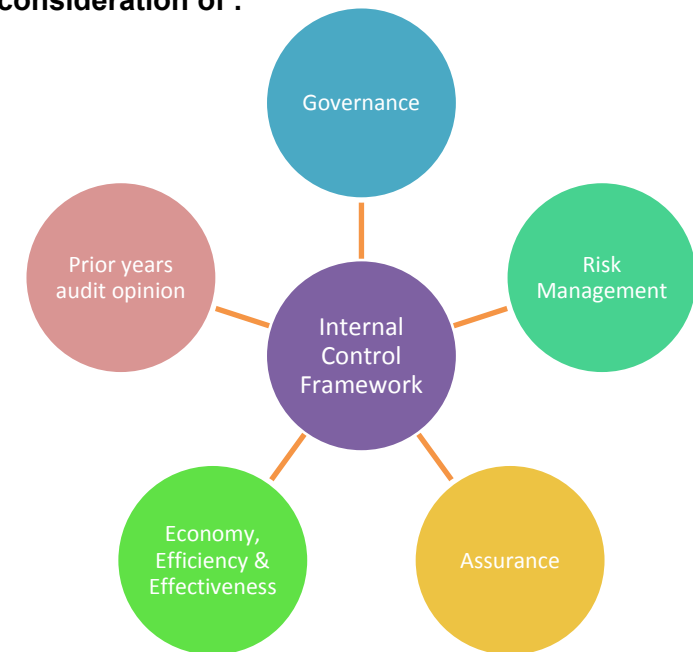
Heads of Service have been provided with details of Internal Audit's opinion on each audit review carried out in 2016/17 to date. If significant weaknesses have been identified in specific areas, these will need to be considered by the Authority in preparing its Annual Governance Statement later in the year when preparing the Statement of Accounts for 2016/17.

In carrying out systems and other reviews, Internal Audit assesses whether key, and other, controls are operating satisfactorily within the area under review, and an opinion on the adequacy of controls is provided to management as part of the audit report. All final audit reports include an action plan which identifies responsible officers, and target dates, to address control issues identified during a review. Implementation of action plans rests with management and are reviewed during subsequent audits or as part of a specific follow-up process.

Generally, our work has not been adversely affected by planned changes during the first six months. There have been no significant changes made to the Corporate Services, People, Public Health and Place plans to date.

As in 2015/16 the level of irregularity work has remained high and this has had an impact on the overall completion of the plan. Although this has had an impact on the planned assurance work, we feel, based on previous year's work, that the framework of control remains in operation.

**This statement of opinion is underpinned by our consideration of :**



<b>Full Assurance</b>	Risk management arrangements are properly established, effective and fully embedded, aligned to the risk appetite of the organisation. The systems and control framework mitigate exposure to risks identified & are being consistently applied in the areas reviewed.
<b>Significant Assurance</b>	Risk management and the system of internal control are generally sound and designed to meet the organisation's objectives. However, some weaknesses in design and / or inconsistent application of controls do not mitigate all risks identified, putting the achievement of particular objectives at risk.
<b>Limited Assurance</b>	Inadequate risk management arrangements and weaknesses in design, and / or inconsistent application of controls put the achievement of the organisation's objectives at risk in a number of areas reviewed.
<b>No Assurance</b>	Risks are not mitigated and weaknesses in control, and /or consistent non-compliance with controls could result / has resulted in failure to achieve the organisation's objectives in the areas reviewed, to the extent that the resources of the Council may be at risk, and the ability to deliver the services may be adversely affected.

## Progress Against Plan

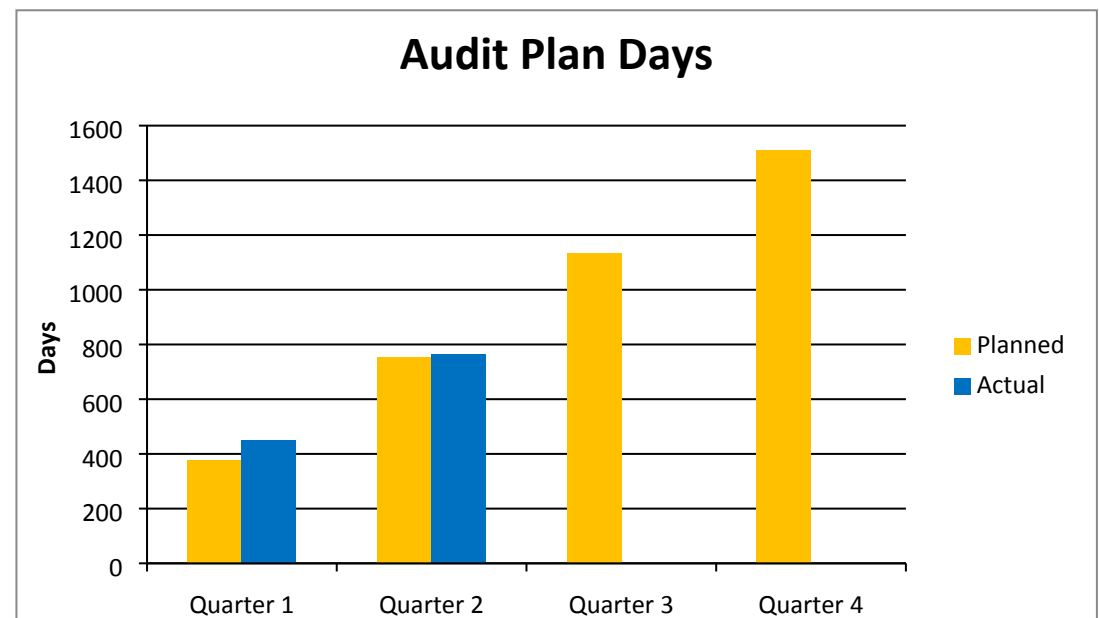
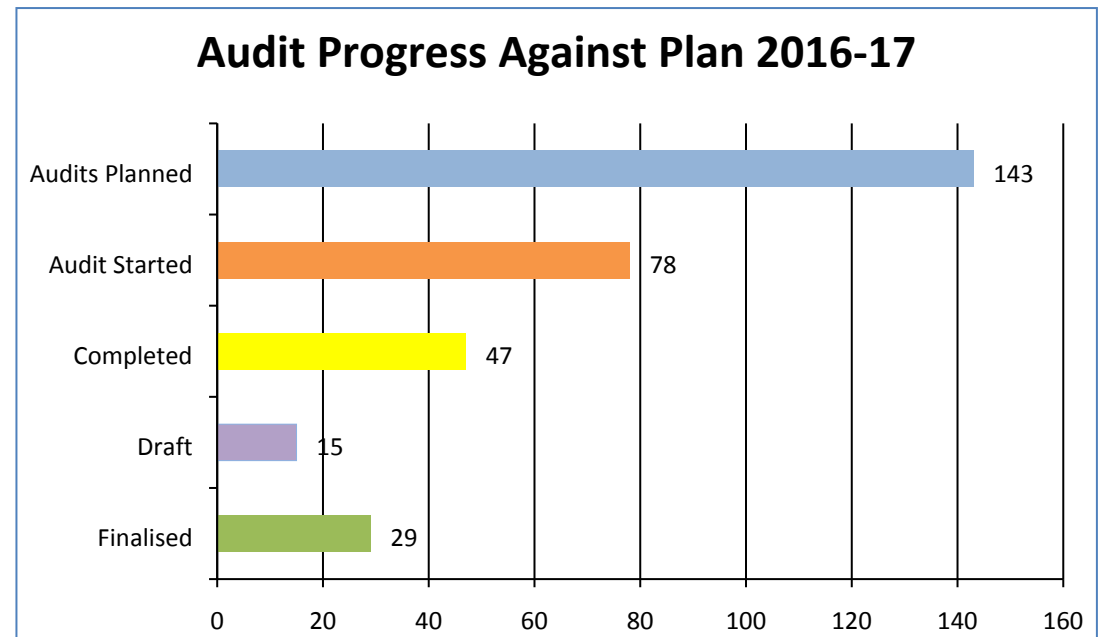
This report compares the work carried out with the work that was planned through risk assessment, presents a summary of the audit work undertaken, includes an opinion on the adequacy and effectiveness of the Authority's internal control environment and summarises the performance of the Internal Audit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

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

The extent to which our work has been affected by changes to audit plans has not been notable during the first six months of the year. The level of irregularity work has been greater than planned and the need for this investigation work has had an impact on the overall completion of the plan. Additionally, as in 2015/16, work undertaken has continued to involve responding to Safeguarding Alerts concerning allegations of financial abuse against vulnerable adults; such work does significantly impact upon the agreed plan. The progress chart includes other audit work and performance reports issued in addition to the planned audits.

The bar charts right show the status of audit progress against plan and audit the days delivered against target planned. The charts demonstrate that progress is largely in line with expectations and that the number of audit days delivered has exceeded that planned.

Appendix 2 provides further performance information for the first six months of 2016/17.



## Progress Impact Assessment

Our audits completed to date this year, in the majority of areas, provide assurance that identified risks are being minimised or mitigated where appropriate. Progress impact assessments are detailed below by service area highlighting developmental areas. The overall audit assurance will have to be considered in light of these positions.

### Corporate

Our earlier follow up report in relation to Payroll confirmed that steps have now been established to address the main weakness in the payroll control environment.

Internal Audit continues to perform work around the CareFirst business solution, following up on the findings of the 2015/16 audit report. Work is also planned to assess if the full value of the new ICT Commissioning Service is being realised; operating as a key enabler for delivering transformational change and strategic plans, including "One Plan".

Internal Audit continues to provide advice and support during the implementation of new business solutions.

The effect on VAT of inconsistent holding of formal partnership agreement documentation is being considered by the Tax Compliance Forum. The absence of these agreements may have wider impacts to the Authority.

Absence management reporting controls are insufficient, and therefore at present absence may not always be accurately recorded or associated pay adjustments made correctly.

The policy for the engagement of consultants continues not to be followed and the Council does not currently have adequate policing arrangements in place to resolve this non-compliance; as such engagement of consultants may not ensure best value is achieved.

Following the appointment of a new contractor for the Highways Maintenance contract, Audit will continue its involvement with the HM17 project, providing challenge, advice and best practice guidance as the Council moves through the mobilisation phase ahead of service commencement in April 2017.

The Council continues to develop its risk management framework. We are aware that this is not embedded in some areas; the framework and consistency of application will be subject to review in the coming half year.

### Place

We have undertaken assurance audits on the existing Highways TMC Pay Mechanism, On Street Parking Benefits Realisation and Syrian Vulnerable Persons Scheme. The first was assessed as High Standard and the latter two were Good Standard.

We have three levels of audit input to support highways management in the 2016/17 plan: attendance at the monthly meetings for the existing Highways TMC contract; the assurance audit on the current payment mechanism; and we have supported the tendering process for the new 2017 Highways contract.

Our engagement in the evaluation and moderation of the bids for the new Highways Maintenance contract has proved beneficial to ensure that a consistent and fair approach was followed throughout. We will continue to provide challenge, advice and best practice guidance during the mobilisation of the new contract, due to commence in 2017, working with officers to ensure that the transition from the current contractor to their successor is as seamless as possible.

We have also continued supporting the Corporate Risk Management arrangements through attending the CRMG meetings, through risk facilitation work being undertaken in quarter 3 with several teams and there will be an audit of Risk Management across the Authority in quarter 4.

Overall, progress against plan is on schedule with one audit delayed from quarter two but this has already been scheduled in alongside quarter three work and the plan will be on schedule by December.

### People

As has been the case in previous years Audit has been requested to undertake work in connection with the safeguarding of vulnerable adults. The audit review undertaken dovetailed in with social care professionals assessing residents' mental capacity and the subsequent reporting of findings to ongoing safeguarding case conferences. The results from this work linked to CQC findings in their recently published report upon the provider. A freeze upon further placements to the provider being in place and significant works required to resolve this situation.

Work continues upon the DILIS procurement exercise and this should reach completion in the near future. Work undertaken by DAP has ensured

provision of independent assurance across key aspects of the process for consistency of assessment and moderation of tender evaluation.

DAP has met with the new Chief Officer for Children’s Services and a change has been made to the original audit plan (in connection with Children’s Social Work & Child Protection) approved by Audit Committee. Changes in plan at client request along with greater depth of audit briefs and subsequent scope of work required vary the days envisaged available.

New work requests have a significant impact on our ability to complete the plan, and revision will be required to ensure the higher risk areas are covered, with audits of lower priority being rescheduled to a later year

## Public Health

The 2016/17 agreed audit within Public Health is scheduled to be undertaken in the second half of the financial year.

## Value Added

Our internal audit activity has added value to the organisation and its stakeholders by:

- providing objective and relevant assurance;
- contributing to the effectiveness and efficiency of the governance, risk management and internal control processes.

Senior Management has found our engagement, support as a “trusted advisor” effective and constructive in these significantly changing times.

Our work has identified specific added value benefits in key areas and in mitigating key risks. Notable benefits have been reported in the following :

## Corporate

- ongoing involvement in HR / Payroll system development projects ensuring that control issues are highlighted and resolved before implementation;
- on-going ad hoc advice provided to HR / Payroll relating to internal process controls, outside of system development projects;
- ICT Service Strategy Plan – direction of travel for new model;
- reviewing the tender evaluation processes for significant contracts within Place and People;
- undertaking a benchmarking exercise and research into the provision of blue badge services by other Local Authorities, in particular how the

appeals process was managed and if mobility assessments were conducted “in-house” or by a 3rd party.

- supporting the Corporate Risk Management Group (CRMG) in developing, benchmarking and embedding the Council’s risk management approach;

## Place

- continued to provide support, advice and challenge relating to the South West Devon Waste Partnership to ensure that the County Council’s interests are protected;
- continued support and advice through audit presence on the Devon Highways TMC Cost Monitoring Board.
- Audit’s participation in the Highways Maintenance (HM17) project, including involvement in the design of the evaluation process, the checking of key documents and the monitoring of the moderation process has contributed to ensuring that the final outcome has been reached correctly by following best practice and the processes published in the tender documentation. This, in turn, has assisted in mitigating the risk of successful challenge by unsuccessful bidders;
- continued support and advice through audit presence on the Risk Management Group.

## People

- reviewing the tender evaluation process for a significant contract within People reviewing documents and models sent out to bidders.

## Schools

The Partnership is supporting the School information “Dashboard” process to provide the internal audit view of the financial management of individual schools based on the most recent audit visit. The provision of internal audit’s performance data provides a greater focus on schools causing concern in the wider control environment. This information is used in assessing overall status for schools through FIPS, vulnerable budget reviews and school improvement. The result of our input has been:

- follow-up reviews at 5 schools;
- intervention information and review of schools by Governor Support and School Improvement.

The culmination of this work should, once complete, lift the performance of these schools.



## Executive Summary - Audit findings

### Corporate Services

In our opinion, and based upon our audit work completed in this and previous years, 'trusted partner' and direct advice provided for on-going projects, we are able to report that internal controls continue to operate effectively and where recommendations for improvements have been made, action plans have been agreed with management.

Based on audits completed and on indications from previous and on-going work, we are able to report that material systems controls have either been maintained, or improvements are being made to address previously identified weaknesses. Whilst a number of weaknesses exist, management are aware of these issues, and have either accepted the related risk, or are taking action to address them.

Audit resources will continue to support ICT in aligning service delivery processes with ITIL best practice and the development of the new commissioning model.

No significant concerns have been identified from our work, including that on grants, and management have responded positively to any recommendations for improvement. The Appendix 1 details the assurance opinions for individual audits for which the definitions of the assurance opinion ratings are given in Appendix 4.

### Key Risks / Issues

Changes were made at the end of last year to the material system control framework, including the introduction of a new accounts payable system, and changes to budget monitoring arrangements. Our audit work later in the year will review the impact of these changes on the overall effectiveness of the control environment.

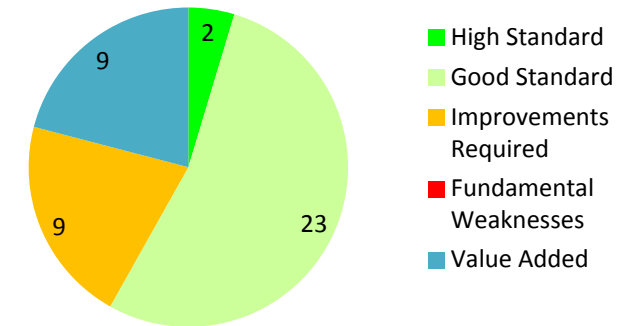
The effect on VAT of an inconsistent holding of formal partnership agreement documentation is being considered by the Tax Compliance Forum.

The unrestricted access to on-line absence forms without an automated approval process may lead to incorrect pay adjustments and also non-compliance with HMRC expectations.

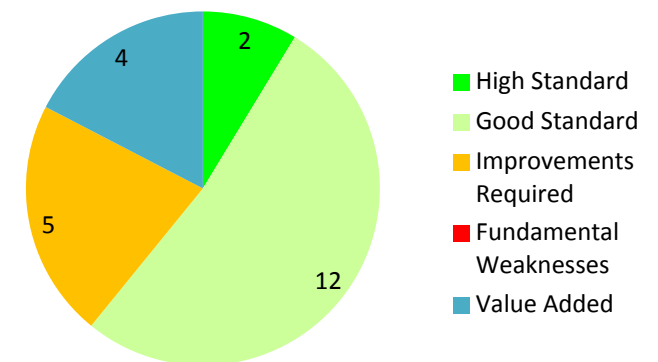
A continued non-compliance with Policy for engaging consultants and interim managers leaves the Authority vulnerable to potential allegations of nepotism and poor achievement of value. Work remains underway to address issues identified.

Issues over information governance of personnel records were identified for agency social workers. New processes will provide managers with clear guidance for the future and checks are being completed to ensure that this is not a wider problem. The Information Commissioner is satisfied with remedial measures agreed.

### Assurance Opinions 2015/16



### Assurance Opinions Apr - Sept 2016/17



## Place

In our opinion, and based upon our audit work completed during 2016/17, 'watching briefs' and direct advice provided for on-going projects, we are able to report that internal controls continue to operate effectively and where recommendations for improvements have been made, action plans have been agreed with management.

We are pleased to be able to report high and good standards in audits undertaken to date. The Energy from Waste plant in North Yard, Plymouth officially became operational in September 2015 and Internal Audit have continued to work with the Project Executive and Contract team, providing support and challenge on contract management arrangements and the development of an audit and assurance plan.

DAP has provided support and challenge to those tasked with procuring the future Highways Maintenance contract jointly with Devon and Somerset County Councils. This involved the review of tender documentation, evaluation and pricing models prior to their issue to bidders and was followed by Audit being present at bid moderation sessions and conducted validation of evaluation scores, pricing models and "relative merits" prior to the selection of a preferred bidder and contract award, to ensure that a consistent and fair approach was followed throughout.

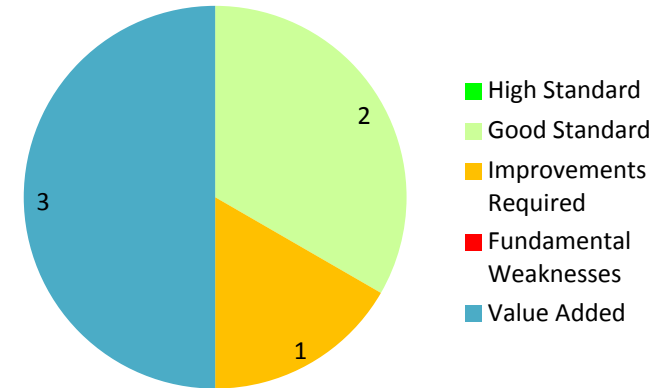
No significant concerns have been identified from our work and management have responded positively to our recommendations for improvement.

The Appendix 1 details the assurance opinions for individual audits for which the definitions of the assurance opinion ratings are given in Appendix 4.

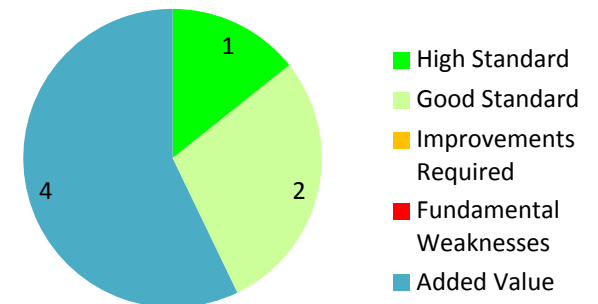
## Key Risks / Issues

Following the appointment of a new contractor for the Highways Maintenance contract, the HM17 project has moved into the 6 months mobilisation phase ahead of service commencement in April 2017. A number of key work streams are actively working to ensure the smooth transition to the new provider. Audit will continue to provide challenge, advice and best practice guidance during this phase.

### Assurance Opinions 2015/16



### Assurance Opinions Apr - Sept 2016/17



## People

In our opinion, and based upon our audit work completed we are able to report that internal controls continue to operate effectively and where recommendations for improvements have been made, action plans have been agreed with management.

Any concerns identified through our work leading to recommendations for improvement are responded to positively by management.

Appendix 1 details the assurance opinions for individual audits with work relating to 2015/16 audits finalised within the current financial year. Definitions of the assurance opinion ratings are given in Appendix 4.

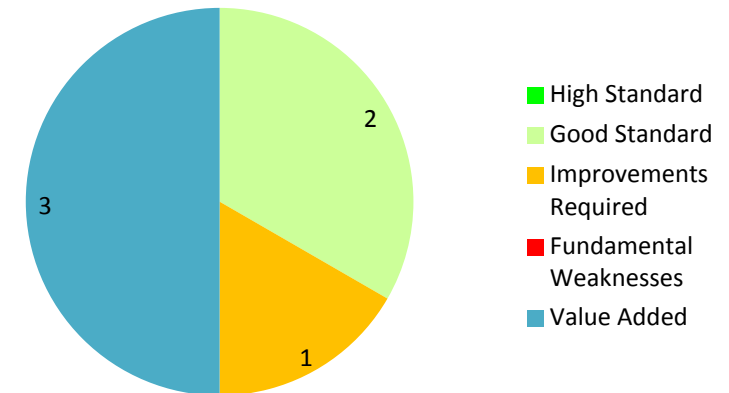
### Key Risks / Issues

Audit continues to be involved in the review of a tender evaluation process where the award of a significant People contract was previously challenged both by an unsuccessful bidder along with counter challenge by the successful bidder. The process is nearing completion. DAP staff have attended evaluator training events and attended all bid evaluation sessions to ensure consistency and fairness. DAP staff will shortly attend the required software presentations and evaluations.

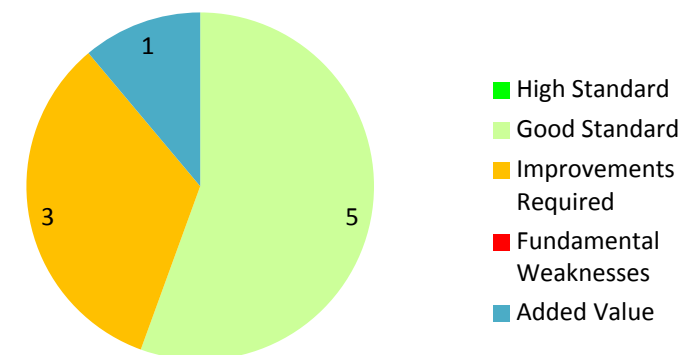
Poor safeguarding practice is a potential significant risk within this service area and Audit has again been asked to investigate a safeguarding scenario involving a large residential care home. Work undertaken has been lengthy, complex and involved. Following an initial visit to the residential care home the provider's business bank account was reviewed in an attempt to reconcile residents funds held through seeking to identify and verify all sources of income for each client over a twelve month period. Internal control procedures and timely transfer of client funds was found to be significantly poor.

The review of Residential Care Bandings found delays in undertaking annual assessments leading to bandings being uplifted and backdated without further recourse to Panel.

### Assurance Opinions 2015/16



### Assurance Opinions Apr - Sept 2016/17



## Schools

We have made good progress in the delivery of our audit plan to schools and schools have again been very appreciative of the quality of our service. The requirements to meet the challenges through change to the SFVS are significant. We are focusing all of our effort to achieve the targets and support schools to the fullest of our ability.

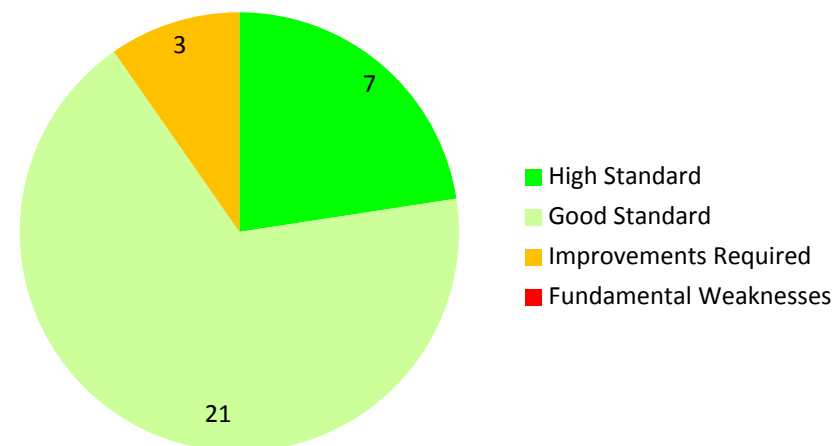
**Good Standard** - our opinion is that the systems and controls in schools mitigate the risks identified in many areas. Although specific risks have been identified on the core element of the audit review at some schools, recommendations have been made to reduce risks and in other areas and are made to strengthen what are reliable procedures. However, there are risks exposed in key areas which reduce overall assurance.

### Key Risks / Issues

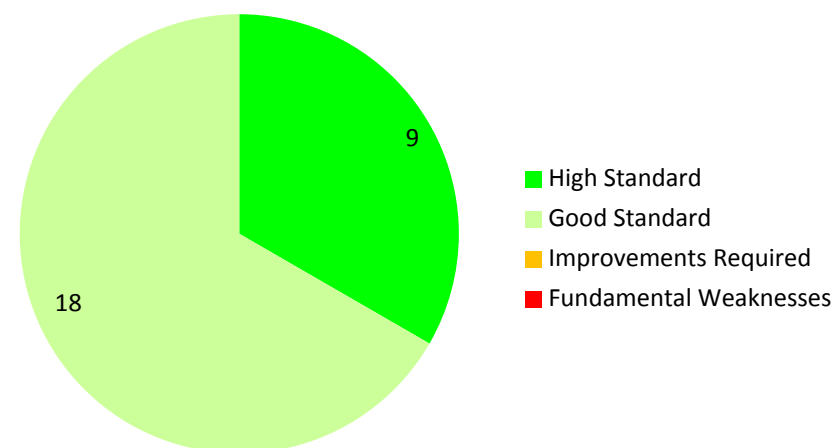
- understanding of financial management by governors as evidenced by the requirements of the Standard, skills assessment and absence of key business from meetings;
- demonstrable benchmarking & financing of plans for raising standards and attainment;
- business continuity planning;
- authorisation control over orders and payments
- inventories and asset management.

Recommendations have been made to reduce risks and in other areas, recommendations made serve to strengthen what are reasonably reliable procedures.

### Assurance Opinions Apr - Sept 2015/16



### Assurance Opinions Apr - Sept 2016/17



## Fraud Prevention and Detection

### Fraud Prevention and Detection and the National Fraud Initiative

Counter-fraud arrangements are a high priority for the Council and assist in the protection of public funds and accountability. Work coordinating the review of the data sets involved with the 2014/15 NFI exercise has concluded. This resulted in approximately £4,500 of duplicate creditor payments being identified and recovered, approximately £400 of VAT adjustments being made and a number of blue badges and concessionary travel passes have been cancelled.

Our focus has turned to supporting the 2016/17 NFI exercise. The appropriate statutory notification have been published e.g. via website, payslips. Arrangements were made with department contacts to extract the data from the Authority's systems at the end of September. DAP then uploaded these data sets to the NFI web application where they will be matched against other local authority data sets. DAP will then co-ordinate and lead the review of the data match reports when they are published later in the year.

**Proactive anti-fraud work** has been undertaken during the first six months of 2016/17. A Fraud Bulletin has been produced and published on DAP's website. 2015/16 accounts payable data has been reviewed to identify duplicate payments, a number of which have been referred to the Payments team for confirmation. This work is currently ongoing and will hopefully mean that NFI work will be easier as many of the matches will have already been reviewed.

**Irregularities** - In the first six months of 2016/17, Internal Audit has carried out or assisted in 15 investigations. Analysis of the types of investigation and the number undertaken shows the following:-

Page 49

Issue	Number
Poor Procedures	3
Theft	3
Irregularity Advice	3
Theft from Service Users	2

Issue	Number
Employee Conduct	1
IT-misuse	1
Misappropriation of income	1
Theft of IT equipment	1

Our review of IT misuse of internet found there to be no evidence of an employee accessing the internet while working.

Thefts included a laptop and other IT equipment being stolen from an employee's home, missing monies from petty cash, thefts from service users via client suspense accounts in place at two care centres, theft of food and drink from a school canteen and the loss of residential trip monies at a primary school.

The case of employee conduct related to hire car charges for private use and DAP will look to review the processes and systems involved with car hire in order to clarify identified weaknesses and recommend improvements where appropriate.

Poor procedures involving the management of clients' monies in a private residential care home and the financial and administrative procedures at a day centre have been investigated, the latter stemmed from the identification of pre-signed timesheets. In both cases recommendations have been made to improve systems and procedures.

Claims made by an ex-employee that a school had misappropriated grant monies have been investigated. Unspent grant monies were found but no evidence of misappropriation.

Advice has been provided to management on issues that include erroneous concessionary travel claims, a member of staff receiving a spoof email seemingly from a senior officer and the examination of an IT network at a school to ensure that no inappropriate images had been stored there.

## Customer Value

### Performance Indicators - Resources

Overall, performance against the indicators has been very good (see appendix 2). We have improved timeliness of draft issue and final reports were issued to the customer within the agreed timeframes (15 working days for draft report and 10 working days for final report). We are working on LEAN approaches which we hope will further improve report efficiency and timeliness.

### Customer Service Excellence (CSE)

DAP maintains accreditation by G4S Assessment Services of the CSE standard during the year.

During the period we issued client survey forms with our final reports. The results of the surveys returned are, although low in number, very good and again are very positive. The overall result is very pleasing, with over 97% being "satisfied" or better across our services. It is very pleasing to report that our clients continue to rate the overall usefulness of the audit and the helpfulness of our auditors highly.

### What Our Customers Said

We have had some very complimentary feedback in the last six months. More details can be found on our website [www.devonaudit.gov.uk](http://www.devonaudit.gov.uk) but some of the more relevant comments include:-

*"the auditor ensured that we received plenty of positive feedback where appropriate as well as suggestions for improving systems"*

*"The audit was delivered with complete professionalism backed by a high level of subject knowledge and an evident passion and commitment to improving our information governance resilience. Very much a partnership effort and the auditors understanding of our agenda and the key areas for improvement that will elicit maximum added value was very welcome and constructive at all times."*

### Added Value

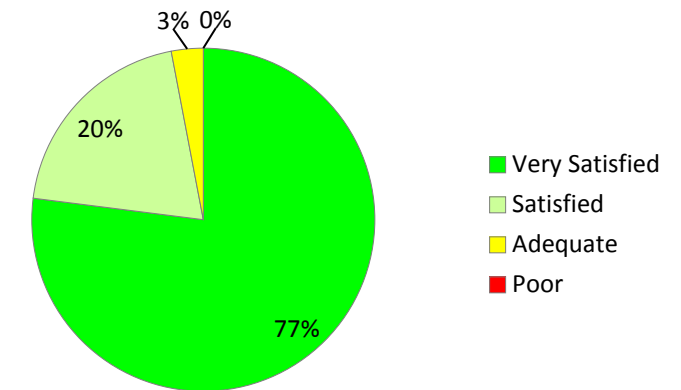
We aim to provide a cost effective, efficient and professional internal audit service that takes the opportunity to add value whenever possible. Some of the specific examples of where our team have been able to add value to the Council in the first six months of 2016/17 include:-

*"On governance and risk management "I always find DAP staff most engaging and helpful, in particular as a sounding board for ad-hoc issues. The audit was able to add value by providing both challenges and also suggestions"*

*"On creditors "to receive input and advice on control methods & areas of potential risk when looking to introduce change"*

We continue to develop and train our staff so that they can add value to the organisation as it faces the difficult challenges ahead.

### Analysis of Customer Survey Results 2016-17







## Appendix 1 – Summary of audit reports and findings for 2015/16

### Risk Assessment Key



LARR – Local Authority Risk Register score Impact x Likelihood = Total & Level  
 ANA - Audit Needs Assessment risk level as agreed with Client Senior Management  
 Client Request – additional audit at request of Client Senior Management; no risk assessment information available

### Assurance Progress Key

Green – action plan agreed with client for delivery over an appropriate timescale;  
 Amber – agreement of action plan delayed or we are aware progress is hindered;  
 Red – action plan not agreed or we are aware progress on key risks is not being made.  
 \* report recently issued, assurance progress is of managers feedback at debrief meeting.

CORPORATE SERVICES					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
<b>Corporate Services – Finance</b>					
Creditors	ANA – Medium	Final	Good Standard	Assurance was reported in the 2015-16 Annual Report. Please refer to that report for details.	
Debtors	ANA – Medium	Final	Good Standard		
Income Collection	ANA – Medium	Final	Good Standard		
Bank Reconciliation	ANA – Low	Final	Good Standard		
Main Accounting System	ANA – Medium	Final	Good Standard		The main accounting system is being operated within a reasonably sound overall control environment. There are some areas where consideration and implementation of additional measures would enhance the existing control framework, and recommendations have been made accordingly. These include alignment of procedural guidance, and consistency across the directorates in relation to budget virements.

**CORPORATE SERVICES**

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Accounting for VAT in Partnerships	ANA – Medium	Draft	Improvements Required	Processes and guidance are in place in respect of requirements and accounting arrangements for entering into partnership working.  We cannot currently confirm the correct treatment of VAT in relation to these arrangements due to inconsistent holding of formal partnership agreement documentation; this position may have further implications in relation to general compliance with partnership agreements. Our findings are being considered by the Tax Compliance Forum in December; accordingly we will provide an updated executive summary later in the year within our annual monitoring report.	 *
Tax Compliance Forum	Client Request	Ongoing	Value Added	The Group discusses HRMC 'hot topics' and their implications on the authority; and the impact of organisational and systems changes on tax compliance. No significant unmitigated risks have been identified to date.	

The following audits are in currently in progress:


- Treasury Management (ANA – Low)
- Debt Mapping (ANA - High)

It is anticipated that the reports will be issued & agreed in the third quarter of 2016-17. No issues of major concern have been identified from our fieldwork to date.

The following audits are not due to commence until the second half of 2016-17:




- Debtors and Debt Recovery (ANA – Medium)
- Bank Reconciliation (ANA – Low)
- Finest System Administration (ANA – Low)
- Creditors (ANA – Medium)
- Fixed Asset Register (ANA – Low)
- Income Collection (ANA – Medium)
- Main Accounting System (ANA – Medium)
- Use of new Budgeting System (ANA - Medium)

**Corporate Services – Human Resources**


Payroll	ANA – High	Final	Improvements Required	Assurance was reported in the 2015-16 Annual Report. Please refer to that report for details.	
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**CORPORATE SERVICES**

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Management of Agency workers.	Client request (in addition to agreed Plan)	Final	Good Standard	<p>Information governance issues have been created with the existence of unsupported staff record information. Due to time elapsed since creation of the document, it is difficult to determine exactly why it was created and by whom; however, we can confirm that the document has been destroyed and no further copies have been identified within HR Temp Solutions or the People Service Area.</p> <p>A HR Advisor is currently reviewing processes for managing records to provide improved guidance for managers to follow. No material detriment was found to have occurred and remedial measures have been agreed.</p>	
HR – Absence Management & Recording	ANA – Medium	Final	Improvements Required	<p>Absence management policies and procedures were found to be comprehensive and current. We did identify opportunity for improvement in the control environment and potential efficiency gains through greater automation of the process and changes to the existing form to reduce duplicate entries, which require resource outside of HR.</p> <p>Access to create and submit on line absence forms is not restricted and there is no automated approval process. Additionally, there is limited control surrounding the manual processes required by the printed form, and hence a risk exists that return to work processes are not followed.</p> <p>Arrangements for the dissemination of wider group data require improvement to ensure information governance expectations are met.</p>	
HR – Consultants follow up	Client Request (in addition to agreed Plan)	Final	Improvements Required	<p>There is a detailed policy which guides managers to consider the value in hiring a consultant, interim manager or professional fees. However, the policy is still not being followed in the majority of instances and there is a lack of policing or penalty for non-compliance.</p> <p>This creates an unacceptable risk of possible unfair selection and a failure to be able to demonstrate best value.</p> <p>Management have agreed to review why engagements are made outside prescribed arrangements and ensure the fit within the framework. The associated new HMRC regulations on off-payroll workers will also be considered.</p>	

**CORPORATE SERVICES**

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Payroll – Re-enrolment	ANA – Medium	Final	Good Standard	The process of first re-enrolment was effectively managed by a project team and included appropriate and evidenced user acceptance testing, the production of procedure documents, effective communication of the changes, and maintenance of records to support re-enrolment. We can confirm that re-enrolment requirements have been met and that re-enrolment was accurately declared.	

The following audit is currently in progress:

- Payroll (ANA – High)

It is anticipated that the report will be issued & agreed in the third quarter of 2016-17. No issues of major concern have been identified from our fieldwork to date.

The following audits are not due to commence until the second half of 2016-17

- HR – Maintenance of Work Structure (Client request)
- HR – Agency Workers phase 2 (Client request in addition to agreed plan)
- Teachers’ Pensions Return (Client request)

The following audits have either been cancelled by the client as they are no longer required, or deferred until 2017-18


- Payroll – Dispensations (Client request)
- Payroll – Online Adjustments (ANA – Medium)

**Corporate Services – Legal services**




The following audit is not due to be commenced until the second half of 2016-17

- Legal - Operation of the Town and Parish Fund and Members' Locality Budget follow up (ANA – Low)

**Corporate Services – Business Strategy and Support**

Blue Badge Appeals and Complaints Process	ANA – Client request	Complete	Value Added	Audit carried out a benchmarking exercise to ascertain how similar local authorities administered blue badge applications and appeals with particular attention on the provision of Independent Mobility Assessment. A number of observations and considerations were subsequently reported to management.	
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**CORPORATE SERVICES**



Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Procurement – Review of Selected Tender Evaluation Exercises	ANA – Client request	Ongoing	Value Added	Audit has continued its involvement in the letting of a new Highways Maintenance Contract, providing support and challenge to both Devon and Plymouth Councils at various stages of the procurement. This culminated in the receipt and evaluation of final bids and Audit provided independent assurance in the lead up to bid submission and during the evaluation of these bids. Audit were present at moderation sessions and conducted validation of evaluation scores, pricing models and “relative merits”, to ensure that a consistent and fair approach was followed throughout.	
			Value Added	Audit has had involvement in the preparation of DILIS tender documentation issued to prospective bidders and the subsequent evaluation of submitted tenders. DAP reviewed a number of key documents and spreadsheets used within the procurement process and identified some amendments required. Audit was in attendance at evaluator training and present at all bid moderation sessions to ensure consistency and fairness.	
Information Governance including PSN	ANA – High	Ongoing	Value Added	On-going support and advice has been provided, including the provision of support for individual business areas in respect of information governance queries. Work has commenced to collaborate more closely with the Information Governance Team in order to support their agendas wherever appropriate and ensure consistency in delivering key messages.	

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The following audits are not due to commence until the second half of 2016-17

- Strategic – Ethics & Culture (ANA – Medium)
- Strategic – Review of Contract Management: Strategy and Process (ANA – High)
- Finance – Financial Performance of Commercial Enterprises (Client request)

- Procurement - Resilience of significant/strategic suppliers to ensure service provision in face of Public Sector cuts (ANA – High)
- Procurement – Governance protocols in relation to contract award procedures and contract lifecycle (ANA – High)

CORPORATE SERVICES					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
<b>Corporate Services – IT Audit</b>					
CareFirst 6 (ACS) Corporate Business	ANA – Critical	Draft	Improvements Required	<p>The identification of formal governance structures to administer, maintain and develop social care business solutions, and key interdependencies, is required to better safeguard both information and financial assets. As the way in which adults and children’s social care is delivered it is important that there is clear ownership of the often highly sensitive data assets and the business solutions that hold them. Initial engagement with Adults has taken place in respect of CareFirst data asset ownership, but there remains a need to engage with Children’s and Child Protection who are currently embarking on a project to implement the new OLM Eclipse solution.</p> <p>Weaknesses in password quality, Children’s services user training and, CareFirst user groups and profiles, all undermine access assurance on data security and highlight potential cultural weaknesses with regard to data security awareness. Internal Audit to engage with both social care services in order to attempt to address these issues.</p>	
Service Strategy – Critical Success Factors and Technical Roadmap	ANA – High	Ongoing	N/A	<p>The Roadmap is being delivered through ICT as it’s been pre-agreed through consultation with Business leadership teams prior to commencing work and this is now considered by the ICT Strategic Commissioning Manager as now being effectively delivered. As the commissioning model embeds, it can be difficult to balance between empowering business areas to have appropriate ownership of projects and ensuring that ICT Commissioning service has appropriate end to end input. Internal Audit is to conduct work in the fourth quarter to ensure that the value of the commissioning model is being fully realised and that all risks are being appropriately mitigated. This will include risks such as those represented by silo’d projects and failure to realise the benefits of the ICT Road Map and strategic plans such as the “One Plan”.</p>	

## CORPORATE SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	

The following audits are in currently in progress:

- CareFirst (Client request)
- ICT Service Strategy





The following audits are not due to commence until the second half of 2016-17:

- Service Operation – Processes (Incident & Problem) (ANA – High)
- Service Transition – Change Management (ANA – High)
- Service Design Detailing how to deliver the service (ANA – Critical)
- Incident Management (Client Request)

The following audits have either been cancelled by the client as they are no longer required, or deferred until 2017-18

Service Operation – Function (ANA – High)

### Grants

Local Transport Capital Block Funding	N/A	Completed	Certified	No issues identified	
Additional Highways Maintenance Funding	N/A	Completed	Certified	No issues identified	
Local Growth Fund	N/A	Completed	Certified	2 issues reported	
Social Care	N/A	Completed	Certified	No issues identified	
Active Devon	N/A	Completed	Certified	No issues identified	



The following audits are currently in progress

- Skills Funding Agency
- Targeted Family Support Programme
- Homes and Community Agency Funding

It is anticipated that the grants will be certified in the third quarter of 2016-17. No issues of major concern have been identified from our fieldwork to date.

## CORPORATE SERVICES

Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
The following audits are not due to commence until the second half of 2016-17 <ul style="list-style-type: none"> <li>Rural Growth Network</li> <li>Careers and Enterprise</li> <li>Dartmoor Granite and Gears</li> <li>Flood Resilience Community Pathfinder</li> </ul>					
The following audits have been cancelled as they are no longer required, or deferred until 2017-18 <ul style="list-style-type: none"> <li>Local Sustainable Transport Fund – Access to Education</li> </ul>					

PLACE					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Highways Term Maintenance Contract – Payment Mechanism review	ANA – High, Client Request	Final	High Standard	Based on limited testing, the information contained in the monthly reports provided to the TMC Highways meetings by South West Highways Ltd was verified to the supporting spreadsheets. These had been extracted from the SWH Coins accounting system. One area of concern was identified which meant that embedded gains calculations may have been overstated in the VJV reports. Actions have been agreed to amend these. but it should be emphasised that there has been no over or underpayment to the contractor. Assurance can be provided that the Traffic Management Unit's costs have been derived from the accounting system and calculated to show the charge being made under this contract.	 *
On Street Parking Benefits Realisation	ANA -Client request	Draft	Good standard	<p>The Parking service was able to demonstrate that efficiencies have been made and there is a projected surplus of £490k recorded for 2015/16 which exceeds the original projected savings predicted by Parking Associates.</p> <p>We found the recovery of Penalty Charge Notices (PCN's) to be above the national average and a reduction of the number of PCN's that have been spoiled. Both of these findings suggest that the service has continued to generate Penalty Charge notices (PCN's) that are of good quality.</p> <p>The number of complaints about the service has fallen since the service was brought in house and so have the number of assaults made against individual CEO's.</p> <p>We have recommended the Parking team developed a formal Parking Strategy; set longer term goals for the service in a business strategy; include Key Performance Indicators to ensure they are able to effectively monitor and record their performance on a more strategic level to provide further assurance to Senior Management and Council members that the service is performing in line with their expectations; adopt a risk management approach including register of risks associated with this service.</p>	

PLACE					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
				At the time of the audit, the service did express concern over the treatment of persistent evaders that are impacting on the Authority. We support the development of a strategy to better deal with these matters.	
South West Devon Waste Partnership	ANA - High	Ongoing	Value Added	Audit has continued its participation with the Partnership, attending Project Executive, providing support and advice on contract management issues and the annual reconciliation process which is going through its first iteration. Audit will be asked to "sign off" the Partnership accounts.	N/A
Highways Virtual Joint Venture – presence on TMC (Term Maintenance Contract)	ANA – High, Client Request	Ongoing	Value Added	Attendance at the monthly meetings to provide independent and objective advice and input as required to the discussions between management and contractor.	N/A
New Highways Term Maintenance Contract 2017	Client Request	Ongoing	Value Added	See "Procurement – Review of Selected Tender Evaluation Exercises" under Corporate Services	N/A

The following audits are currently in progress:


- Community Impact Support Scheme
- MIL and REEL grants
- Risk register development with the Economy Service


It is anticipated that the reports / outputs will be issued & agreed in the third quarter of 2016-17. No issues of major concern have been identified from our fieldwork to date.




The following audits have not yet been started as they are not due to commence until the second half of the year:



- Getting value from waste (Does Exeter EFW provide value for money)
- Review of annual accounts reconciliation for Exeter EFW






PLACE						
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score	
		Status	Assurance Opinion	Executive Summary		
<b>Services for Communities</b>						
Page 61	Syrian Vulnerable persons Scheme	ANA – Medium, Client Request	Draft	Good standard	<p>The audit was undertaken whilst the scheme was still in its initial stages, but overall we consider there is a good structure in place to manage the Syrian Vulnerable Person Scheme.</p> <p>There has been a positive take up from local district and city councils. The Project team has been proactive in discussing best practice and lessons learned with other local authorities. This has been done in part, due to the lack of detailed guidance available to local authorities from Central Government.</p> <p>Better use of risk management tools has been recommended to identify what may cause the scheme to fail and therefore what controls can be put in place. Further actions which have been discussed include development and approval of a Data Sharing Protocol regarding any relevant information and a Communications Strategy to ensure the various stakeholders are kept aware of matters, although we recognise that neither of these may not be easy to achieve or be adopted by all of the partners.</p>	
	Attendance at CRMG (Corporate Risk Management Group)	ANA - High	Ongoing	Value Added	<p>The CRMG continues to embed risk management across the organisation. Internal Audit provides advice and support at CRMG which has delegated authority from the Chief Executive to lead on the development of the Council's approach including the Strategy, the Policy and the guidance materials.</p> <p>The Group are realigning to reflect the new Leadership structure and will need to seek input from senior management to ensure risk management remains recognised as an important tool for modern management and leadership.</p>	N/A
<p>The following audits have not yet been started as they are not due to commence until the second half of the year:</p> <ul style="list-style-type: none"> <li>Buy With Confidence – Trading Standards</li> <li>Libraries Effectiveness of Monitoring and Control</li> </ul>				<ul style="list-style-type: none"> <li>Youth Service support</li> <li>Performance Management – support for development and implementation of new Performance Management framework</li> <li>Risk management audit</li> </ul>		

PEOPLE					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Residential Care Bandings	ANA - High	Final	Improvements Required	<p>Monitoring expenditure levels since the introduction of the new two banded system has shown greater levels of enhanced care have been awarded leading to an increase of £1.5m in expenditure. This is possibly due for several reasons:-</p> <ul style="list-style-type: none"> <li>• Increased numbers of clients being assessed as enhanced.</li> <li>• In House services being transferred to commissioning on ceasing operations with the closure of DCC residential and nursing homes, resulting in exceptional payments being made.</li> <li>• Non Banded Residential care payments for out of area placements are set at that authority's rate which may be higher than DCC's.</li> <li>• Assessment delays, resulting in substantial amounts being backdated for many months. This was due to a delay in implementing an uplift to the fees culminating in backdating of fees to April 2014.</li> <li>• The Panel process for reviewing and agreeing expenditure all residential and nursing placements is not operating consistently across all areas due to a lack of formal procedures. It has also been identified that not all residential and nursing placements are going to panel.</li> </ul> <p>Timely assessment is crucial to ensure clients' needs are assessed at least annually. Delays in undertaking yearly assessments had led to bandings being uplifted and backdated without further recourse to Panel.</p> <p>Joint Agency Managers authorise against the Scheme of Delegation which was not reflected in CareFirst.</p> <p>All residential / nursing care placements should go before an area panel for further agreement of the banding and assessment. If additional help is needed the panel could consider awarding a market premium or using a targeted payment for specific areas of need. It was found that panels had no clear terms of reference and crucially not all residential / nursing care clients cases were put before the panel. Documentation regarding panel decisions, minutes and approvals were not located in the majority of the sample tested.</p>	

PEOPLE					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Mapleton RCH	Client Request	Final	Good Standard	A small number of areas were identified where improvement can be made as current control measures are ineffective at reducing risk. In particular, improvements are required in the areas of: Stock control - including security, record keeping, monitoring and reporting; Inventory - a complete and up to date inventory should be maintained in accordance with the Authority's procedures.	
High Cost Child Placements	Client Request	Final	Improvements Required	<p>A number of high cost placements have required retrospective approval. A significant proportion of these have been tidying up of "older" cases. Senior Management have instigated a review into this area and recommendations have been made to improve the process (where required) and to ensure compliance.</p> <p>Overall, the key elements for a workable and enforceable system are in place, but these have not always been complied with. There will always be "exceptional circumstances" but these should be few in number.</p> <p>Recommendations made are aimed at further improving processes, and in particular, these are around Court Directed placements, ongoing training for staff and capturing approval information on CareFirst.</p> <p>During 2015 the Strategic Director became aware not all high cost cases were following the appropriate approval process and put in place a number of actions to address this issue. This issue has been brought under control and the Strategic Director has confidence that the situation will not reoccur.</p>	
Devon Assoc. Prim. Heads (DAPH) / Devon Assoc. Secondary Heads (DASH) / Special Heads Assoc. Devon (SHAD).	Client Request	Final	Good Standard	In the ever changing landscape of the membership of the Association between maintained and academy schools, the Executive Committee has started to look at alternative service delivery vehicles for the Association. The Association could possibly move away from the financial umbrella of the County Council but this raises significant issues on financial management and procedures. Based on review of the last four years' accounts, additional expenditure would be incurred by the Core Activities.	

PEOPLE					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Devon Association of Primary Headteachers (National Primary Headteachers)				The Association's involvement in National Primary Headteachers Ltd. (NPH) has resulted in a potential write off of £14k. A bad debt provision has been established in the NPH commissioned work statement of accounts as at 31 March 2016. This sum will have to be written off in the March 2017 accounts against the Business Development Activities accounts as it is unlikely any dividend will be received following the liquidation of this company.	
Devon Schools Phase Associations	Client Request	Final	Improvements Required	There is a lacking of consistency in the areas covered by the Constitutions as the recommendations made in the April 2013 internal audit report have not been implemented. The Terms of Reference suggest that each Association has their own finance policy, based on the document provided to the maintained schools. Apart from DAPH, the other Associations do not have a finance policy but reliance has been placed on the details contained in their respective Constitutions. The Associations all operate the recording of their financial transactions differently. The School Associations are managed through the County Council systems whilst the Governor Association is outside these systems. The four Associations provided financial information on a periodic basis and produce a form of accounts at 31 March each year. The balances being carried forward by DASH and DAG at 31 March 2016 are considered to be excessively high.	
Children with Disabilities	Client Request	Ongoing			
Residential / Nursing Commissioning	Client Request	Ongoing			
Early Help for Families Grant	Statutory Client Request	Ongoing	Certified	DAP have verified and certified one claim to date this financial year. As at 30 <sup>th</sup> September, 71 families have achieved significant and sustained progress and 7 families have achieved continuous employment. This has realised income of £62k. We continue to work with the Early Help & Expanded TF Team to ensure the accuracy and completeness of key data and that demonstrable evidence of intervention is maintained.	

PEOPLE					
Risk Area / Audit Entity	Risk Assessment / Audit Needs Assessment	Audit Report			Assurance Progress RAG Score
		Status	Assurance Opinion	Executive Summary	
Social Care Grant	Statutory Client Request	Complete	Certified		
Schools Financial Value Standards (SFVS)	Statutory ANA - Low	Final	Good Standard	SFVS Dedicated Schools Grant Chief Finance Office assurance statement for 2015/16 submitted to the Department for Education.	
Procurement - Review of Tender Evaluation Model – DILIS	ANA - High Client Request	Ongoing	Value Added	DAP have reviewed a number of key spreadsheets used within the procurement process for this particular contract and identified a number of amendments required. Discussions have been held with both the Project Manager and Procurement and attendance has taken place at evaluator training and bid evaluation sessions to ensure consistency and fairness.	

## Appendix 2 – Performance Indicators

There are no national Performance Indicators in existence for Internal Audit, but the Partnership does monitor the following Local Performance Indicators LPI's:

<b>Annual Local Performance Indicators (LPI)</b>	<b>2013/14</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2016/17</b>
	<b>Target</b>	<b>Actual</b>	<b>Target</b>	<b>Actual</b>	<b>Target</b>	<b>Actual</b>	<b>Full Year Target</b>	<b>Six month Actual</b>
Percentage of Audit plan Commenced (Inc. Schools)	100%	96.5%	100%	96.9%	100%	100%	100%	48%
Percentage of Audit plan Completed (Inc. Schools)	93%	94.6%	93%	92%	93%	97%	93%	35%
Actual Audit Days as percentage of planned (Inc. Schools)	95%	97.5%	95%	97.8%	95%	101%	95%	51%
Percentage of fundamental / material systems reviewed annually	100%	100%	100%	100%	100%	100%	100%	On target
Percentage of chargeable time	65%	69.3	65%	67.8%	65%	69%	65%	66.9
Customer Satisfaction - % satisfied or very satisfied as per feedback forms	90%	98%	90%	99%	90%	99%	90%	96%
Draft Reports produced within target number of days (currently 15 days)	90%	80.1%	90%	87%	90%	87%	90%	88.5%
Final reports produced within target number of days (currently 10 days)	90%	89.1%	90%	97%	90%	94%	90%	97.8%
Average level of sickness absence (DAP as a whole) – See note 1	2%	3%	2%	5.5%	2%	2%	2%	5.46%
Percentage of staff turnover (DAP as a whole) - See note 2	5%	3%	5%	16.6%	5%	5%	5%	17%
Out-turn within budget	Yes	Yes	Yes	Yes	Yes	Yes	Yes	On target

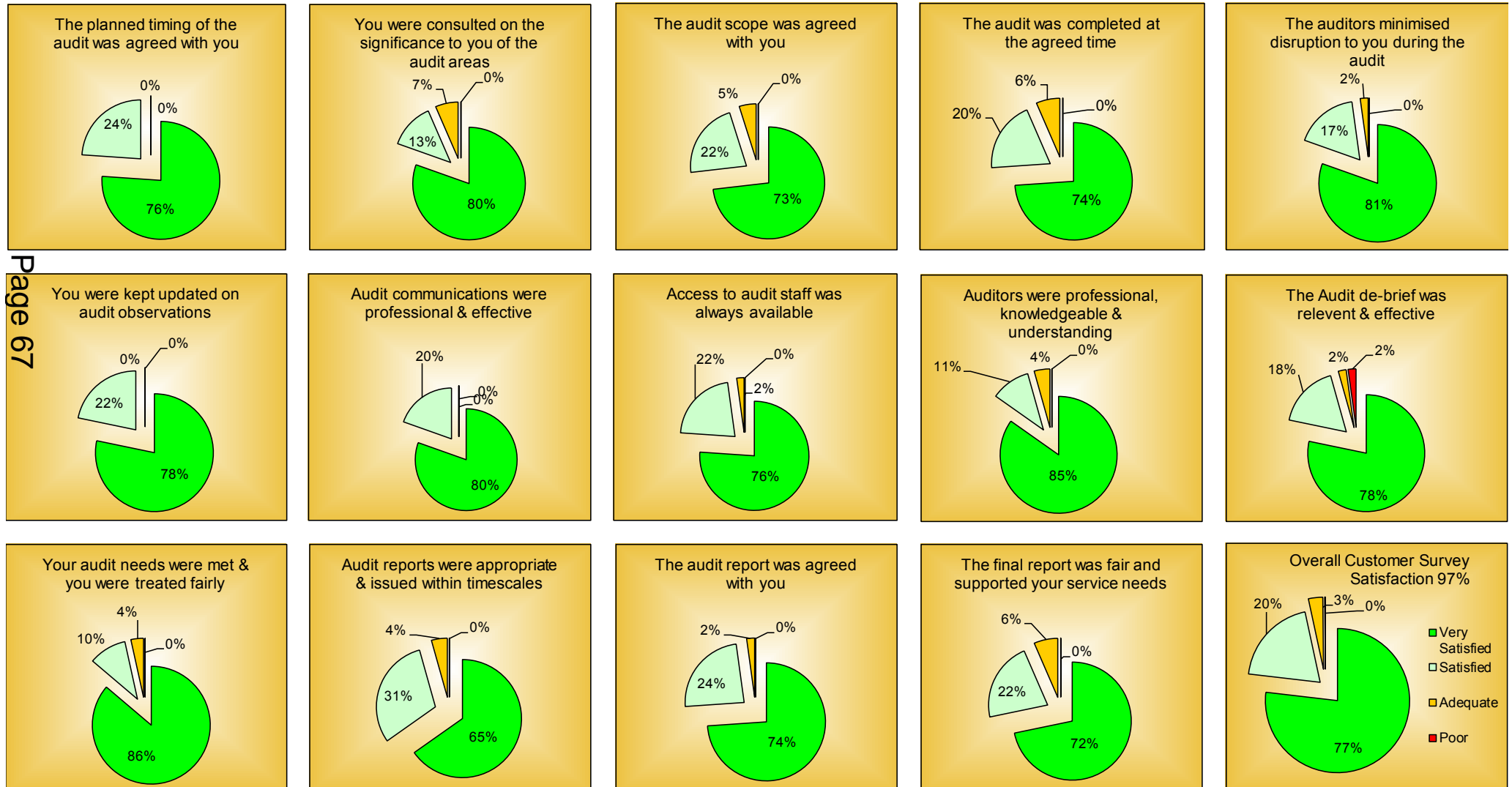
Note 1 - Sickness in the first part of 2016/17 has been high at 198 days or 5.64% of available time; equates to around 6.5 days per FTE. As always, we are work with staff to ensure that attendance at work is maximised; the assistance of HR support organisations such as Wellbeing @ work also assist us. We recently asked HR colleagues to provide detailed absence management training for managers and expect that this will ensure all episodes are dealt with consistently and in line with the DCC managing absence arrangements.

Note 2 – 3 people have left DAP; 1 x apprentice started; 1 x person on secondment to another role

# Appendix 3 - Customer Service Excellence

## Customer Survey Results April - October 2016

The charts below show a summary of 46 responses received.



## Appendix 4 – Definitions

### Definitions of Audit Assurance Opinion Levels

### Confidentiality under the Government Security Classifications

Assurance	Definition	Marking	Definition
High Standard.	The system and controls in place adequately mitigate exposure to the risks identified. The system is being adhered to and substantial reliance can be placed upon the procedures in place. We have made only minor recommendations aimed at further enhancing already sound procedures.	Official	The majority of information that is created or processed by the public sector. This includes routine business operations and services, some of which could have damaging consequences if lost, stolen or published in the media, but are not subject to a heightened threat profile.
Good Standard.	The systems and controls generally mitigate the risk identified but a few weaknesses have been identified and / or mitigating controls may not be fully applied. There are no significant matters arising from the audit and the recommendations made serve to strengthen what are mainly reliable procedures.	Secret	Very sensitive information that justifies heightened protective measures to defend against determined and highly capable threat actors. For example, where compromise could seriously damage military capabilities, international relations or the investigation of serious organised crime.
Improvements required.	In our opinion there are a number of instances where controls and procedures do not adequately mitigate the risks identified. Existing procedures need to be improved in order to ensure that they are fully reliable. Recommendations have been made to ensure that organisational objectives are not put at risk.	Top Secret	The most sensitive information requiring the highest levels of protection from the most serious threats. For example, where compromise could cause widespread loss of life or else threaten the security or economic wellbeing of the country or friendly nations.
Fundamental Weaknesses Identified.	The risks identified are not being controlled and there is an increased likelihood that risks could occur. The matters arising from the audit are sufficiently significant to place doubt on the reliability of the procedures reviewed, to an extent that the objectives and / or resources of the Council may be at risk, and the ability to deliver the service may be adversely affected. Implementation of the recommendations made is a priority.		



## Appointment of External Auditor

### Report of the County Treasurer

Please note that the following recommendation is subject to confirmation by Committee before taking effect.

#### Recommendation:

**That Members approve Devon County Council joining the national framework for appointing the External Auditor, led by Public Sector Audit Appointments and seek ratification of the decision by County Council at its meeting on 8<sup>th</sup> December 2016.**

#### 1. Background to the issue

- 1.1. Audit Committee received a report (CT/16/52) at its meeting of 7<sup>th</sup> September 2016, which outlined the requirement of the County Council to appoint its external auditor by December 2017.
- 1.2. Public Sector Audit Appointments (PSAA), a limited company owned by the Local Government Association, has been granted Appointing Person status for local authority external auditors.
- 1.3. The previous report outlined three options available to the Council with regard to the appointment of the external auditor. These included making a stand-alone appointment, setting up a joint Auditor Panel / local joint procurement arrangements with other Councils or opting in to a sector led body approach.
- 1.4. PSAA is commencing the project for external auditor appointments. The date by which principal authorities need to opt in to the appointing person arrangement is not yet finalised. The aim is to award contracts to audit firms by June 2017, giving six months to consult with authorities on appointments before the December 2017 deadline. PSAA anticipate that invitations to opt in to the national framework will be issued before December 2016 at the latest and Authorities will have a minimum period of eight weeks to respond to the invitation.
- 1.5. In accordance with Regulation 19 of the Local Audit (Appointing Person) Regulations 2015, a principal authority will need to make a decision to opt in at full Council.
- 1.6. The September 2016 report outlined clear benefits of joining the national framework arrangement. Recent correspondence with PSAA indicates that PSAA will run a tendering exercise, evaluate bids and award contracts to successful external auditors. It will then propose and consult with each authority on an individual auditor appointment, taking into account the views of the authority, and with due regard to ensuring independence is maintained.

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## **2. Recommendations**

- 2.1. On this basis, it is recommended that Devon County Council join the national framework arrangement as led by PSAA and this decision is confirmed by Audit Committee members.
- 2.2. It is also recommended that the decision be ratified by County Council at its meeting on 8<sup>th</sup> December 2016.

**Mary Davis**

**County Treasurer**

Contact for Enquiries: Christopher Phillips

Tel No: (01392) 383590

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

There are no equality issues associated with this report.

## Annual Report of the Corporate Risk Management Group

Report of the Chief Officer for Communities, Public Health, Environment and Prosperity

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

### **1. Recommendations**

It is recommended that Audit Committee:

- (a) Monitor the effective development and operation of risk management in the Council
- (b) Consider and note updates to risk registers

### **2. Summary**

This report provides an update on risk management practice in the Council in the form of the annual report of the Corporate Risk Management Group. As the report provides an update for the last year it is broken down into sections that reflect the organisational structure during this time. Future reports will be based on the new structure.

### **3. Introduction**

The annual report is intended to support this Committee in carrying out its role in providing independent assurance of the adequacy of the risk management framework and the associated control environment.

### **4. General update**

A revised policy came into effect at the beginning of 2016. Much of the old strategy remained useful and was retained but the new policy has built on best practice from the UK Office of Government Commerce and the Management of Risk Guidance. Unlike the old strategy it will not have a defined end-date but will be regularly reviewed to ensure it remains fit for purpose.

Feedback suggested that the council's risk recording tool – spar.net – did not meet the needs of users. As such it has been decommissioned and a new system built using the council's WordPress infrastructure. This will make it much more simple to make changes to the system and provide additional functionality as and when required. Early feedback has been positive.

Following the changes to the organisation's structure the Corporate Risk Management Group will identify new members to ensure that all parts of the organisation are represented.

# Agenda Item 8

The content of the refreshed Corporate, People, Place and Corporate Services risk registers are provided as Appendices A – D. These are regularly monitored at leadership teams and action taken to escalate or reduce the management of the risks to the appropriate level according to changes in perceived risk to the Council.

## **5. Risk management updates from Service areas**

### **5.1. People**

Risk management is well embedded within People with Heads of Service regularly reviewing service level risks, which are escalated on a monthly basis to the Leadership Team People for review of both the People and Corporate Risk Registers. Risks are proactively managed throughout the organisation with SPAR.net being the historical tool used to monitor and manage risk.

Whilst a diverse range of risks are included within the People and Corporate Risk Registers, looking forward key risks to the Council relate to market capacity, increasing demand for services and increasing pressure on costs.

Benchmarking of performance indicates Devon has both a greater incidence of people contacting the authority for adult social care support and a higher level of spend on those eligible for support from the council. There is work underway to ensure that we understand how the 'front door' for social care operates to ensure that people have the best opportunity to maximise their independence by being supported to find solutions within their local community and only where necessary receive care and support from adult social care in a timely and appropriate setting. This includes ensuring that individuals and their families have access to high quality information. Devon has launched Pinpoint as the digital solution to enable people to find a wealth of information, advice and support. The usage of this new improved facility will be monitored to support future improvements.

There remain on-going challenges securing supply of adult social care in some instances. Weekly tracking takes place of personal care packages not arranged in a timely way and this is reviewed weekly with all NHS partners. A new personal care framework has recently been let with responsibility for supply chain management being passed to the 'lead provider' in each zone. We expect this approach to make a difference but the workforce challenges of securing and retaining care workers remains a difficult one. It should be noted that the demand for personal care has significantly increased over the last 2 years and it is important to place supply and the availability of care in this context.

There are increasing costs and challenges in securing health, education and care placements for children with additional and complex needs due to a reducing market, stronger regulation and difficulty in delivering personalised services for individual children. Greater efficiency has been built into the process of securing joint agency placements and financial contributions. Commissioning arrangements with Virgin Care and other providers are under continuous review to ensure needs are appropriately matched.

### **5.2. Place**

Service Risks are formally reported to Place Leadership Team (PLT) on a six monthly basis or more regularly as significant risk items require escalating.

All identified risks have associated management action plans which are regularly reviewed by Heads of Service.

The Place risk register continues to be kept under review in order taking into account changes in central government policy or new initiatives that may result in new or additional risks to the Local Authority.

### **5.3. Public Health**

2015/16 has been a challenging year financially for Public Health, real decreases in grant from Department of Health meant that hard choices had to be made about rationalising or suspending services. This pressure is expected to continue into 2016/2017 and means that Public Health has to work creatively with partners to try and find funding solutions where possible. There continue to be difficulties in timely access to Public Health data which impedes the scrutiny function of Public Health, some of these are being addressed, but progress is slow. Response to Public Health emergencies is potentially still compromised because of the lack of a signed Memorandum of Understanding between all the parties. There is also concern about the capacity of the Public Health system to respond as Health Protection resource is reduced and becomes less local. Lastly, a perceived deficiency in emergency planning readiness was exposed by the Ebola outbreak, which is now being addressed.

## **6. Risk management updates from areas of risk specialism**

### **6.1. Finance**

At its meeting of 7 September 2016, the Audit Committee approved the 2015/16 Statement of Accounts. The Committee also received the External Auditor's report of Audit Findings for the year ended 31st March 2016. The report stated that the draft financial statements and supporting working papers were prepared to a good standard and no material issues or significant adjustments were identified to the Consolidated Income and Expenditure Account or Balance Sheet. The report anticipated that the External Auditor would provide an unqualified audit opinion in respect of the financial statements.

Throughout last financial year, Cabinet received bi-monthly budget monitoring reports which outlined the pressures, both financial and non-financial, on Children's Social Work and Child Protection. At its June 2016 meeting, Cabinet received the financial outturn report which confirmed a large overspend in People Services, dominated by the Children's Service financial outcome. However, underspends, savings and change of accounting practice in other areas resulted in the small net underspend by the Authority as a whole at the year-end.

Budget forecasts for the current financial year, 2016/17, indicate further finance pressures in People Services and management action will be required to secure a balanced financial position at the end of the year.

The Medium Term Financial plan outlines the required budget savings through to 2019/20. Significant savings remain to be identified and delivered and it is intended that a large element will be provided by the implementation of the "purposeful systems" approach.

Finance Services has implemented two major systems during the past year, designed to improve efficiencies across the Council and deliver savings within the Finance function. The

# Agenda Item 8

automated ordering and accounts payable system (P2P) enables officers to order goods and services online, authorise receipt of those items and automatically process invoice payment. Budget monitoring, reporting and forecasting has also been automated using the Collaborative Planning package. This has enabled staff to risk assess budgets and focus Finance staff resources to high value, volatile budgets. The implementation of both systems has been steady and as their capabilities become better known and use increased across the Authority, the intended efficiencies will become realised.

## **6.2. Human Resources**

As part of the HR Strategy 2013 – 2017, the Resourcing theme described how vital it is for DCC to have ‘the best people with the best skills to deliver our services, goals and vision’. Without effective workforce and succession planning in place, the risk to the organisation is that internal and external factors affecting supply and demand are not identified and planned for and the workforce doesn’t have the capability and capacity to deliver the organisation’s goals and vision in the future. As a result of the Comprehensive Spending Review<sup>2</sup>, HR has worked with service areas over the last few years to deliver the required reductions and service redesign across the organisation. During this period, there have been targeted interventions to address attraction, recruitment and retention issues affecting particular service areas. For example, within Children’s and Adults’ Services a range of initiatives particularly within Social Work, which include the targeted approach to recruiting ASYE’s (Assessed and Supported Year in Employment), use of financial incentives including market supplements, and new approaches to attraction have been successfully introduced. In addition a new workforce planning model has been trialled within Engineering Design Group producing a workforce plan to identify and address future workforce requirements.

In the new HR Service Delivery Plan workforce planning is identified as a key priority to be rolled out across the organisation. The workforce plans would be used to develop both service level interventions and corporate wide actions to address potential problems and build workforce capacity and capability. For instance, this could include new initiatives within the apprenticeship schemes on offer to take advantage of the apprentice levy being introduced in April 2017, and development of career pathways and succession planning.

## **6.3. Health and Safety**

Health, Safety and occupational health risk management, when effectively undertaken, is a management discipline aimed at loss minimisation, increasing productivity and improving the quality of service delivery. Consequently effective health, safety and well-being risk management is critical to the success of the Council and the Council’s Risk Management Strategy and the Council’s Strategy for Improvement and Efficiency.

The annual report on progress for 2015-16 and a detailed action plan for 2016-17 was presented to the Devon Health & Safety Panel on 10th October 2016. The report identifies a number of achievements and initiatives throughout the Council since the previous report.

Headlines from the annual report include:

- The occupational health provision was outsourced from the 1<sup>st</sup> April 2016 to Industrial Medical and Scientific Services Ltd. (IMASS). This followed a competitive tender process.
- No breaches of statutory duty occurred in the past 12 months (e.g no action taken against DCC from the Health and Safety Executive or other enforcing body).
- Employee assistance programme continues to provide support to employees for a second year. This provision is currently out to tender with 7 returns to be evaluated imminently.
- An increase in accidents to employees reported centrally has occurred – up from 1274 to 1313, with the number of violent incidents being the most increased from 748 to 787 last year. This increase is significantly less than over the previous period and could be a result of increased awareness and reporting. Work on strategies to reduce workplace violent incidents remains one of the 2016/17 priorities.
- Another priority is the continuing work with the Estates Team around landlord arrangements and the transfer of assets to non-DCC organisations.

## 6.4. Information Governance

The council has robust security incident management procedures in place which actively monitors and manages incidents as they occur. Staff are actively encouraged to report incidents when they occur.

Feedback and an agreed action plan is provided to services following every incident on how they can improve their data handling practices to prevent similar incidents from re-occurring.

The council's Senior Information Risk Owner, Rob Parkhouse (Head of Business Strategy & Support) is kept informed about the level and types of incidents occurring and mitigations carried out, on a regular basis.

The Information Governance team have delivered regular Data Protection and Information Sharing training across the council to promote good security practices, which includes a new Data Protection e-learning training package which is live from October 2016.

The council has rolled out an email encryption system called Egress Switch, which shall ensure email communications are more secure and will reduce the likelihood of security incidents occurring.

Peer checking procedures are being incorporated into the day to day handling procedures of certain front-line teams.

The council's main information assets have been recorded in a corporate Information Asset Register and have assigned Information Asset Owners attached to them.

Risks for 2015/16

- Data Protection / Security Breaches
- Failure to adhere to Information Management standards
- Reputational damage from complaints
- Potential Impact of the Highlighted Risks

# Agenda Item 8

- Imperfect Sharing of information
- Complaints
- Legal Action
- Fines

## Current Mitigation

- Staff training and awareness
- Adherence to existing codes of practice and policies
- Prioritisation of complaint resolution
- Customer Relations Team pro-active involvement in resolving and appropriate learning and actions from complaints
- Customer Relation team work with Services to appropriate redress

## 6.5. Insurance

The insurance premiums for DCC's policies reduced by 2% last year as a result of the decreasing property portfolio and motor fleet, a reduction in the number of claims, and renegotiation of the cost of our Contract Works policy which had not been reviewed for many years (we achieved a 50% premium reduction for that policy).

The insurance renewal papers for 2017 have been submitted to our brokers and we are awaiting sight of the renewal terms. Although the property portfolio continues to decrease, it is likely that the premium will increase next year as we have recently revalued the whole portfolio and the total value of our property assets has increased by approximately 25%.

The rate of Insurance Premium Tax (which is not recoverable) has risen yet again from 9.5% to 10% so an allowance will need to be made for this when paying the premiums.

Once again we have had a good year claims wise with a total of 539 new public liability claims received this year to date - 381 of these relate to incidents which occurred in 2016. As usual, the vast majority of the PL claims are for highway related incidents.

The number of Employers Liability claims remains very low with just 4 new claims for incidents occurring in 2016.

## 6.6. Emergency Planning

The Emergency Planning Team works closely with the Highways Operations Control Centre, the Flood Risk Management Team and the Council's social care infrastructure to ensure that the Council is able to respond to major incidents and emergencies in a speedy and effective way. It also liaises regularly with colleagues in Public Health and Animal Health specialists from Trading Standards.

In the past year they have established Devon Emergency Planning Service to provide emergency planning advice, standardised plans and training to Devon district councils. Six of the eight decided to join although we remain hopeful that the others will join in the future. This brings in a substantial sum but its true value is the increased resilience and a joined up approach to emergency planning across Devon.

Weather-wise we now respond to storms with names and got as far as Katie last winter. Other incidents included a capsized French trawler, escaped wild animals, two aircraft



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incidents, the fall-out from an anti-terror incident in Newton Abbot as well as two major fires in Exeter at Richer Sounds and the sad loss of buildings on Cathedral Green.

The team continues to work with the blue lights and other responding agencies in the Local Resilience Forum to make sure Devon remains as safe as possible. The team also tweets community resilience messages on @devonalert which now has almost 3200 followers.

Virginia Pearson

Chief Officer for Communities, Public Health, Environment and Prosperity

## Appendices

Appendix A: Corporate Risk Register

Appendix B: Leadership Team People Risk Register

Appendix C: Place Leadership Team Risk Register

Appendix D: Corporate Services Leadership Team Risk Register

Electoral Divisions: All

Cabinet Member for Community and Environmental Services: Councillor R Croad

Chief Executive: Dr Phil Norrey

Contact for enquiries:

Mark Painter

Room No. G60

Tel No: (01392) 383000



# 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><b><a href="#">TG15: Reduction in Government funding affects service delivery</a></b></p> <p>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.</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: 24 Oct 2016</p>	<p><b>Green</b> Option of 2% precept</p> <p><b>Amber</b> Increase in BCF funding</p>
<p><b><a href="#">JO23: Children's and Adult services budget pressures and allocation</a></b></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: 09 Aug 2016</p>	<p><b>Green</b> Regular financial performance reporting to CLT</p> <p><b>Green</b> Weekly children's social care management meetings focussing on budget pressures</p> <p><b>Green</b> Focus of regular LTP discussion</p> <p><b>Green</b> Scrutiny reporting</p> <p><b>Green</b> Task group led by Leader of the Council</p>
<p><b><a href="#">TG20: Market capacity adult social care (Residential And Nursing Care)</a></b></p>	<p>Inherent status: 30 Very high</p>	<p><b>Green</b> Capital investment programme led by BR Team to increase capacity in areas of highest need</p>

<p>The supply of residential and nursing care of the right quality is currently stretched in some parts of Devon increasing the risk that we cannot achieve safe discharge from hospital. Difficulties in recruiting care staff further increases this risk.</p>	<p>Current status : 30 Very high  Risk owner: <a href="#">Tim Golby</a>  Accountable officer: <a href="#">Ian Hobbs</a>  Last review: 24 Oct 2016</p>	<p>Green New care homes contract including block bed from 2017-18</p> <p>Green Working with CCGs re intermediate care to ensure fit to contract</p> <p>Green Improving relationship with the market via sector lead to increase market engagement</p> <p>Green Fee uplift has stabilised market failure</p> <p>Green Workforce development programme being extended to private sector</p>
<p><b>TC9: Budget Management</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  Current status : 25 Very high  Risk owner: <a href="#">Tim Golby</a>  Accountable officer: <a href="#">Jennie Stephens</a>  Last review: 24 Oct 2016</p>	<p>Green Thoroughness on consultation on proposals</p> <p>Green Thorough impact and risk assessment of plans and policy change</p>
<p><b>HTM1: Failure to maintain C class and unclassified roads effectively.</b></p> <p>Deterioration of highway network due to insufficient planned and routine maintenance.</p>	<p>Inherent status: 24 Very high  Current status : 24 Very high  Risk owner: <a href="#">Joe Deasy</a>  Accountable officer: <a href="#">David Whitton</a>  Last review: 31 Jul 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>HTM2: Lack of capacity or capability to respond effectively to highway safety related issues</b></p> <p>Potential for fatal and severe accidents to citizens due to lack of effective and timely repair or replacement of</p>	<p>Inherent status: 24 Very high  Current status : 24 Very high  Risk owner: <a href="#">Joe Deasy</a>  Accountable officer: <a href="#">David</a></p>	<p>Amber Highway Monitoring</p> <p>Amber Safety repairs</p>

<p>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><a href="#">Whitton</a> Last review: 31 Jul 2016</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 Current status : 24 Very high Risk owner: <a href="#">Joe Deasy</a> Accountable officer: <a href="#">David Whitton</a> Last review: 31 Jul 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>TC1: 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 Current status : 24 Very high Risk owner: <a href="#">Tim Golby</a> Accountable officer: <a href="#">Ian Hobbs</a> Last review: 24 Oct 2016</p>	<p>Green Refresh of the Adult Social Care Services Market Position Statement</p> <p>Green Provider Engagement Network</p> <p>Green Performance monitoring of call off against the Framework Agreement</p> <p>Green Work with providers to address capacity shortfall</p> <p>Green Reprourement of personal care via new framework: contracts to be awarded in march, transition to new arrangements in June.</p> <p>Green Investigation of new solutions/new way of working</p>

		<p>Green Weekly SITREPS and escalation</p> <p>Green Provider of last resort option.</p>
<p><b>TCS1: Public Transport Support Budget</b></p> <p>Additional Cost/ budget pressure due to:  (a) withdrawal of commercial services, requiring DCC to respond to fill gaps in the bus network thorough additional support for services.  (b) Risk of higher tender prices, given a prolonged period of lower tender prices.  (c) funding reductions resulting in significant cuts in bus services.  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: 16 May 2016</p>	<p>Amber Operational, policy and administrative efficiencies</p>
<p><b>KS14: Deprivation of Liberties (DoLS) and Court of Protection (CoP)</b></p> <p>Supreme Court ruling presents a significant financial risk due to the likely increase in DoLS and CoP assessments required and associated legal costs.</p>	<p>Inherent status: 25 Very high</p> <p>Current status : 20 High</p> <p>Risk owner: <a href="#">Sarah MacKereth</a></p> <p>Accountable officer: <a href="#">Jennie Stephens</a></p> <p>Last review: 24 Oct 2016</p>	<p>Green Prioritised plan in place in adult services to address both res/nursing/hospital and community deprivations</p> <p>Green CLT endorsed approach and additional posts</p> <p>Green Ongoing review of performance at SLT and scrutiny ctte on request</p> <p>Green Law Commission review due to report by end 2016. Realistically DCC is unlikely to authorise any significant proportion of the outstanding res/nursing or community deprivations prior to legislation/policy change</p>
<p><b>KS19: Continuing Health Care (CHC)</b></p> <p>Significant delays in assessments and determinations of CHC eligibility leading to operational inefficiencies,</p>	<p>Inherent status: 30 Very high</p> <p>Current status : 20 High</p> <p>Risk owner: <a href="#">Keri Storey</a></p>	<p>Amber Issues escalated to NEW Devon CCG and some actions agreed which may mitigate.</p>

<p>possible clinical risk if people with primary care needs are not being appropriately case managed by NHS professionals; and financial risk to the Council as well as impact on individuals and families.</p>	<p>Accountable officer: <a href="#">Jennie Stephens</a> Last review: 24 Oct 2016</p>	<p><b>Amber</b> Formal disputes now being raised and Draft Disputes Protocol in use.</p> <p><b>Green</b> Further training for staff planned in PPA</p> <p><b>Green</b> Learning Disabilities nurses transferred back to NHS</p> <p><b>Completed</b> Discussions underway with CCG to consider future 4 week funding arrangements</p> <p><b>Completed</b> NEW Devon supporting work on 2015.16 cases that were delayed in assessment or panel decisions.</p>
<p><b>SC1: School Transport</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 Current status : 20 High Risk owner: <a href="#">Sarah Aggett</a> Accountable officer: <a href="#">Sue Clarke</a> Last review: 09 Aug 2016</p>	<p><b>Amber</b> Management actions within TCS including route analysis and efficiency savings</p> <p><b>Green</b> TCS monitoring and regular review across all areas of spend</p> <p><b>Green</b> Policy regularly reviewed and adjusted to reduce areas of discretionary spend</p> <p><b>Green</b> Actions identified through corporate transport project board</p>
<p><b>HR: Employee Services: System Failures</b></p> <p>System failure due to technical problems may result in employees not being paid on time or accurately</p>	<p>Inherent status: 16 High Current status : 16 High Risk owner: <a href="#">Wendy Smith</a> Accountable officer: <a href="#">Jacky Wilson</a> Last review: 20 Oct 2016</p>	<p><b>Green</b> Proactive controls</p> <p><b>Amber</b> HRMS Project</p> <p><b>Green</b> Collaborative working</p> <p><b>Green</b> HR and ICT Business Continuity Plans</p>

		<p><b>Amber</b> Review of hardware and implementation of changes to processor</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 2016/17 and is identifying the impact of further reductions in subsequent financial years via its Medium Term Financial Planning process</p> <p>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><b>Inherent status: 20 High</b></p> <p><b>Current status : 16 High</b></p> <p>Risk owner: <a href="#">Chris Phillips</a></p> <p>Accountable officer: <a href="#">Mary Davis</a></p> <p>Last review: 16 May 2016</p>	<p><b>Green</b> Medium Term Financial Plan</p> <p><b>Completed</b> Annual Savings Plan approved by CLT</p> <p><b>Green</b> Purposeful Systems</p>
<p><b><u>PR6 - Inflationary pressure across markets impacts upon service delivery and budget pressures</u></b></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><b>Inherent status: 16 High</b></p> <p><b>Current status : 16 High</b></p> <p>Risk owner: <a href="#">Kevin Balding</a></p> <p>Accountable officer: <a href="#">Justin Bennetts</a></p> <p>Last review: 19 Oct 2016</p>	<p><b>Green</b> Manage Expectations</p> <p><b>Amber</b> Understand Markets</p>
<p><b><u>PR01 - Supply market failure: Financial and other pressures leading to the failure of supply markets</u></b></p> <p>Failure of supply markets due to financial, capacity and other pressures particularly apparent in the social care market. Supply market failure could have a detrimental</p>	<p><b>Inherent status: 20 High</b></p> <p><b>Current status : 16 High</b></p> <p>Risk owner: <a href="#">Nicola Tribble</a></p> <p>Accountable officer: <a href="#">Justin Bennetts</a></p> <p>Last review: 19 Oct 2016</p>	<p><b>Completed</b> Integrated Category Management</p> <p><b>Completed</b> Integrated Procurement Category Management (IPCM)</p> <p><b>Completed</b> Corporate Strategy for procurement performance 2008-11</p>



effect on the Council's ability to fulfil our legislative duties and strategic objectives.

Green Attuned to markets

Completed Contract Strategy

### HR: Workforce and Succession Planning

DCC risks not having workforce plans in place to ensure that it has the 'right number of people with the right skills, in the right place at the right time to deliver short and long term organisational objectives' (Chartered Institute of Personnel & Development definition of 'workforce planning'). This is exacerbated by:

- The demographics of the workforce, given that around 45% of our current directly employed DCC workforce is over 50 years and over 60% is over 40 years.
- The need for changing skills and behaviours in order to implement new ways of working
- DCC's new delivery model, including greater reliance on other employers/sectors to deliver services on our behalf
- Significant changes in social trends and attitudes, such as the use of new technology and attitudes to the public sector, which may impact upon our 'employer brand' and therefore recruitment and retention
- Skills shortages in key areas including social work and teaching
- Improvements to the UK and local economy which may impact upon the Council's ability to recruit and retain staff.
- Government policy (for example exit payment proposals) and changes to the Council's redundancy compensation policy, which could impact upon retention,

Inherent status: 16 High

Current status : 16 High

Risk owner: [Helen Marsh](#)  
Accountable officer: [Jacky Wilson](#)

Last review: 08 Aug 2016

Green HR Strategy

Green HR Redundancy and Turnover Management Strategy

Amber HR Dashboard

Green Communication and cross working

Amber Workforce Planning roll-out

<p>particularly of those at more senior levels and/or older workers.</p>		
<p><u><a href="#">SPOC15: Failure to prevent discriminatory practice/adhere to the Equality Act &amp; Public Sector Equality Duty</a></u></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: 20 High</p> <p>Current status : 16 High</p> <p>Risk owner: <a href="#">Jo Hooper</a></p> <p>Accountable officer: <a href="#">Roland Pyle</a></p> <p>Last review: 10 Nov 2016</p>	<ul style="list-style-type: none"> <li><span style="background-color: #90EE90; padding: 2px;">Green</span> (Equality) Impact Assessment</li> <li><span style="background-color: #FFD700; padding: 2px;">Amber</span> Equality Training and Competencies</li> <li><span style="background-color: #90EE90; padding: 2px;">Green</span> Equality Objectives (Fair for all Programme)</li> <li><span style="background-color: #90EE90; padding: 2px;">Green</span> Equality Reference Group</li> <li><span style="background-color: #90EE90; padding: 2px;">Green</span> Equality Framework for Local Government</li> <li><span style="background-color: #FFD700; padding: 2px;">Amber</span> Staff Surveys</li> <li><span style="background-color: #90EE90; padding: 2px;">Green</span> Discriminatory Incident Reporting</li> <li><span style="background-color: #90EE90; padding: 2px;">Green</span> Equality Policy</li> <li><span style="background-color: #90EE90; padding: 2px;">Green</span> Supporting employment policies</li> <li><span style="background-color: #90EE90; padding: 2px;">Green</span> Sufficient allocation of staff with responsibility for equality/impact assessment</li> <li><span style="background-color: #90EE90; padding: 2px;">Green</span> Information (Evidence base)</li> <li><span style="background-color: #FFD700; padding: 2px;">Amber</span> Customer diversity monitoring</li> <li><span style="background-color: #90EE90; padding: 2px;">Green</span> Equality Standards in Procurement</li> <li><span style="background-color: #90EE90; padding: 2px;">Green</span> Hate Crime Prevention</li> <li><span style="background-color: #90EE90; padding: 2px;">Green</span> Communications Toolkit</li> <li><span style="background-color: #FFD700; padding: 2px;">Amber</span> Workforce diversity data</li> </ul>

		<p><b>Completed</b> Learning from Judicial Review Project - implementing the recommendations</p> <p><b>Green</b> Impact Assessment Performance Measures</p>
<p><b>Reduction in Public Health funding</b></p> <p>Clawback 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>Page 87</p>	<p><b>Inherent status: 15 High</b></p> <p><b>Current status : 15 High</b></p> <p>Risk owner: <a href="#">Mark Kealy</a></p> <p>Accountable officer: <a href="#">Tracey Polak</a></p> <p>Last review: 08 Aug 2016</p>	<p><b>Green</b> Retaining a targeted health check programme for those most at risk</p> <p><b>Amber</b> New Healthy Lifestyle service and voluntary service directory</p> <p><b>Green</b> One You</p> <p><b>Green</b> Change4Life</p> <p><b>Amber</b> Making every contact count</p> <p><b>Amber</b> Specialist smoking service</p> <p><b>Amber</b> Working with partners to access new sources of funding</p> <p><b>Completed</b></p>
<p><b>SPOC16: Failure to properly implement Impact Assessment in effective decision making</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><b>Inherent status: 30 Very high</b></p> <p><b>Current status : 12 Medium</b></p> <p>Risk owner: <a href="#">Jo Hooper</a></p> <p>Accountable officer: <a href="#">Roland Pyle</a></p> <p>Last review: 10 Nov 2016</p>	<p><b>Green</b> Monitoring and feedback</p> <p><b>Green</b> Training and guidance</p> <p><b>Green</b> Decision making procedures</p> <p><b>Green</b> Escalation</p>

<p>consideration of community impacts which could result in harm, poor community relations, complaints about discrimination etc.</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: 31 Jul 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>
<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 Devon 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: 09 Aug 2016</p>	<p>Green Leadership and governance arrangements</p> <p>Amber Communications between Partners (key individual networks)</p>
<p><b><u>SP1: Flood Risk Management</u></b></p>	<p>Inherent status: 20 High</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><b>Current status : 12 Medium</b></p> <p>Risk owner: <a href="#">Martin Hutchings</a></p> <p>Accountable officer: <a href="#">Dave Black</a></p> <p>Last review: 08 Aug 2016</p>	<p><b>Green</b> Capacity of the Flood Risk Management Team</p> <p><b>Completed</b> Flood Risk Management Strategy / Flood Resilience Community Pathfinder project</p> <p><b>Green</b> Consider options for operation of Sustainable Drainage Approvals Body</p>
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# Risks: People 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><b>TG20: Market capacity adult social care (Residential And Nursing Care)</b></p> <p>The supply of residential and nursing care of the right quality is currently stretched in some parts of Devon increasing the risk that we cannot achieve safe discharge from hospital. Difficulties in recruiting care staff further increases this risk.</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="#">Ian Hobbs</a></p> <p>Last review: 24 Oct 2016</p>	<p><b>Green</b> Capital investment programme led by BR Team to increase capacity in areas of highest need</p> <p><b>Green</b> New care homes contract including block bed provisions from 2017-18</p> <p><b>Green</b> Working with CCGs re intermediate care to ensure fit to contract</p> <p><b>Green</b> Improving relationship with the market via sector lead to increase market engagement</p> <p><b>Green</b> Fee uplift has stabilised market failure</p> <p><b>Green</b> Workforce development programme being extended to private sector</p>
<p><b>JO23: Children's and Adult services budget pressures and allocation</b></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: 09 Aug 2016</p>	<p><b>Green</b> Regular financial performance reporting to CLT</p> <p><b>Green</b> Weekly children's social care management meetings focussing on budget pressures</p> <p><b>Green</b> Focus of regular LTP discussion</p> <p><b>Green</b> Scrutiny reporting</p>

		Green	Task group led by Leader of the Council
<p><b>TG15: Reduction in Government funding affects service delivery</b></p> <p>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.</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: 24 Oct 2016</p>	<p>Green</p> <p>Option of 2% precept</p> <p>Amber</p> <p>Increase in BCF funding</p>	
<p><b>KS9: Budget pressures and management</b></p> <p>Due to rising demand and cost pressures there is significant risk of financial overspend in current and future years.</p>	<p>Inherent status: 25 Very high</p> <p>Current status : 25 Very high</p> <p>Risk owner: <a href="#">Keri Storey</a></p> <p>Accountable officer: <a href="#">Keri Storey</a></p> <p>Last review: 24 Oct 2016</p>	<p>Amber</p> <p>Rigorous action monitoring of financial recovery plans for each service area. LD a particular issue</p> <p>Amber</p> <p>Learning disability financial pressures under review</p> <p>Amber</p> <p>NHS interface regarding funding issues under review</p>	
<p><b>TG29: Budget Management</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 : 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: 24 Oct 2016</p>	<p>Green</p> <p>Thoroughness on consultation on proposals</p> <p>Green</p> <p>Thorough impact and risk assessment of plans and policy change</p>	
<p><b>IO22: Increasing costs and challenges</b></p> <p>Increasing costs and challenges securing education and care placements for children with additional and complex needs due to a reducing market, stronger regulation and difficulty delivering personalised services for individual children.</p>	<p>Inherent status: 25 Very high</p> <p>Current status : 25 Very high</p> <p>Risk owner: <a href="#">Sarah Aggett</a></p> <p>Accountable officer: <a href="#">Fiona Fitzpatrick</a></p> <p>Last review: 13 May 2016</p>	<p>Completed</p> <p>Placement Strategy</p> <p>Green</p> <p>Peninsular Framework Agreement</p> <p>Amber</p> <p>Single Education Health and Care Plans</p> <p>Amber</p> <p>Greater efficiency re joint agency placements</p>	
	<p>Inherent status: 25 Very high</p>	<p>Red</p> <p>Service audits</p>	



<p><b><u>SC17: The introduction of a joint Ofsted/CQC framework of services to support cyp with SEND</u></b></p> <p>From May 2016 introduces new legislation across local authority and partner services, with work required to ensure that services are at least 'good' as defined by standards within the inspection framework and that the authority is ready to facilitate an inspection.</p>	<p>Current status : 25 Very high  Risk owner: <a href="#">Sarah Aggett</a>  Accountable officer: <a href="#">Sue Clarke</a>  Last review: 21 May 2016</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  Current status : 24 Very high  Risk owner: <a href="#">Tim Golby</a>  Accountable officer: <a href="#">Ian Hobbs</a>  Last review: 24 Oct 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><b>Green</b> Work with providers to address capacity shortfall</p> <p><b>Green</b> Reprourement of personal care via new framework: contracts to be awarded in march, transition to new arrangements in June.</p> <p><b>Green</b> Investigation of new solutions/new way of working</p> <p><b>Green</b> Weekly SITREPS and escalation</p> <p><b>Green</b> Provider of last resort option.</p>
<p><b><u>TG30: Short term intervention</u></b></p> <p>Risk that under developed short term service solutions leads to increased demand for long term services adversely impacting on costs</p>	<p>Inherent status: 25 Very high  Current status : 20 High  Risk owner: <a href="#">Tim Golby</a>  Accountable officer: <a href="#">Jennie</a></p>	<p><b>Green</b> Demand management work on short term services offer</p> <p><b>Green</b> Front door modelling</p>

	<a href="#">Stephens</a> Last review: 24 Oct 2016	Green North Devon: initial service model in conjunction with partners
<a href="#">IO9: Devon Safeguarding Children Board</a> DSCB lacks effectiveness to drive forward improvements to services for children, young people and families. (Previously RM7)	Inherent status: 25 Very high Current status : 20 High Risk owner: <a href="#">Nicky Scutt</a> Accountable officer: <a href="#">Fiona Fitzpatrick</a> Last review: 13 May 2016	Green Regional Sub-boards to encourage more emphasis on service improvement. Green Post-Ofsted Action Plan Completed New interim chair of DSCB appointed. Green Reporting formats being revised to better support decision making
<a href="#">KS14: Deprivation of Liberties (DoLS) and Court of Protection (CoP)</a> Supreme Court ruling presents a significant financial risk due to the likely increase in DoLS and CoP assessments required and associated legal costs.	Inherent status: 25 Very high Current status : 20 High Risk owner: <a href="#">Sarah MacKereth</a> Accountable officer: <a href="#">Jennie Stephens</a> Last review: 24 Oct 2016	Green Prioritised plan in place in adult services to address both res/nursing/hospital and community deprivations Green CLT endorsed approach and additional posts Green Ongoing review of performance at SLT and scrutiny ctte on request Green Law Commission review due to report by end 2016. Realistically DCC is unlikely to authorise any significant proportion of the outstanding res/nursing or community deprivations prior to legislation/policy change
<a href="#">TG27: Mental Health Services redesign with Devon Partnership Trust</a> Adult mental health services performance and fundamentals of service are currently under review as there is potential that the needs of service users, including adults and families, are not being met in a timely and appropriate manner	Inherent status: 25 Very high Current status : 20 High Risk owner: <a href="#">Sarah Aggett</a> Accountable officer: <a href="#">Tim Golby</a> Last review: 24 Oct 2016	Green a) Project in place to review future adult mental health delivery Red b) Possible recommissioning of service following review

<p><b>SC1: School Transport</b></p> <p>Rising overspend on home to school transport is having a 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  Current status : 20 High  Risk owner: <a href="#">Sarah Aggett</a>  Accountable officer: <a href="#">Sue Clarke</a>  Last review: 09 Aug 2016</p>	<p><b>Amber</b> Management actions within TCS including route and efficiency savings</p> <p><b>Green</b> TCS monitoring and regular review across all areas of spend</p> <p><b>Green</b> Policy regularly reviewed and adjusted to reduce areas of discretionary spend</p> <p><b>Green</b> Actions identified through corporate transport project board</p>
<p><b>KS19: Continuing Health Care (CHC)</b></p> <p>Significant delays in assessments and determinations of CHC eligibility leading to operational inefficiencies, possible clinical risk if people with primary care needs are not being appropriately case managed by NHS professionals; and financial risk to the Council as well as impact on individuals and families.</p>	<p>Inherent status: 30 Very high  Current status : 20 High  Risk owner: <a href="#">Keri Storey</a>  Accountable officer: <a href="#">Jennie Stephens</a>  Last review: 24 Oct 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 Draft Disputes Protocol in use.</p> <p><b>Green</b> Further training for staff planned in PPA</p> <p><b>Green</b> Learning Disabilities nurses transferred back to NHS</p> <p><b>Completed</b> Discussions underway with CCG to consider future 4 week funding arrangements</p> <p><b>Completed</b> NEW Devon supporting work on 2015.16 cases that were delayed in assessment or panel decisions.</p>
<p><b>TG31: NHS Regonfiguration</b></p> <p>Risk that changes to the NHS delivery model that are being developed in the Devon system could impact adversely on the social care business generating additional demand for adult social care services.</p>	<p>Inherent status: 25 Very high  Current status : 20 High  Risk owner: <a href="#">Tim Golby</a>  Accountable officer: <a href="#">Jennie</a></p>	<p><b>Green</b> Joint Commissioning</p> <p><b>Green</b> STP engagement</p> <p><b>Green</b> RD&amp;E Business Case</p>

	<a href="#">Stephens</a> Last review: 24 Oct 2016	<b>Green</b> Early intervention with health partners <b>Green</b> Wider Council commissioning 'ask'
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# Risks: Place Risk Register

Risk status (score)

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

Completed	Green	Amber	Red
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Risk details	Status and Risk owner	Mitigating controls
<p><a href="#">HTM3: Lack of capacity or capability to effectively respond to extreme weather events</a></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: 31 Jul 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><a href="#">HTM1: Failure to maintain C class and unclassified roads effectively.</a></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: 31 Jul 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><a href="#">HTM2: Lack of capacity or capability to respond effectively to highway safety related issues</a></p> <p>Potential for fatal and severe accidents to citizens due to lack of effective and timely repair or replacement of</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>Amber Highway Monitoring</p> <p>Amber Safety repairs</p>

<p>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>Accountable officer: <a href="#">David Whitton</a> Last review: 31 Jul 2016</p>	<p><span style="background-color: #90EE90;">Green</span> Programme flexibility</p>
<p><b><u>TCS1: Public Transport Support Budget</u></b></p> <p>Additional Cost/ budget pressure due to: (a) withdrawal of commercial services, requiring DCC to respond to fill gaps in the bus network thorough additional support for services. (b) Risk of higher tender prices, given a prolonged period of lower tender prices. (c) funding reductions resulting in significant cuts in bus services. Refer to Cabinet report 10 June 2015</p>	<p>Inherent status: 20 High Current status : 20 High Risk owner: <a href="#">Damien Jones</a> Accountable officer: <a href="#">John Smith</a> Last review: 16 May 2016</p>	<p><span style="background-color: #FFD700;">Amber</span> Operational, policy and administrative efficiencies</p>
<p><b><u>Animal Health Disease Control</u></b></p> <p>Additional costs and manpower requirements to respond to exotic animal disease spreading in the Devon and Somerset Communities</p>	<p>Inherent status: 16 High Current status : 16 High Risk owner: <a href="#">Dolores Riordan</a> Accountable officer: <a href="#">Paul Thomas</a> Last review: 13 Sep 2016</p>	<p><span style="background-color: #90EE90;">Green</span> Contingency Plans &amp; trained staff available via an emergency cascade system.</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: 20 High Current status : 16 High Risk owner: <a href="#">Jo Hooper</a> Accountable officer: <a href="#">Roland Pyle</a> Last review: 10 Nov 2016</p>	<p><span style="background-color: #90EE90;">Green</span> (Equality) Impact Assessment <span style="background-color: #FFD700;">Amber</span> Equality Training and Competencies <span style="background-color: #90EE90;">Green</span> Equality Objectives (Fair for all Programme) <span style="background-color: #90EE90;">Green</span> Equality Reference Group</p>

- Green Equality Framework for Local Government
- Amber Staff Surveys
- Green Discriminatory Incident Reporting
- Green Equality Policy
- Green Supporting employment policies
- Green Sufficient allocation of staff with responsibility for equality/impact assessment
- Green Information (Evidence base)
- Amber Customer diversity monitoring
- Green Equality Standards in Procurement
- Green Hate Crime Prevention
- Green Communications Toolkit
- Amber Workforce diversity data
- Completed Learning from Judicial Review Project - implementing the recommendations
- Green Impact Assessment Performance Measures

Potential legal costs/compensation for court cases or improper seizure or suspension of goods

Potential of legal costs/compensation and damage to reputation of Service and Authority due to officers wrongly impounding goods etc.

Inherent status: 16 High  
 Current status : 16 High  
 Risk owner: [Steve Gardiner](#)  
 Accountable officer: [Paul](#)

Green Staff Training

	<a href="#">Thomas</a> Last review: 15 Sep 2016	
<a href="#">Potential Flu pandemic</a> Risk of significant avian or swine flu infection affecting service delivery due to impact on the public and staff	Inherent status: 15 High Current status : 15 High Risk owner: <a href="#">Keith Reed</a> Accountable officer: <a href="#">Nicola Channon</a> Last review: 24 Mar 2015	Completed DCC Flu Pandemic plan Completed ACS Flu Pandemic plan Completed LRF Influenza Pandemic Plan Completed Exercising

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# Risks: Corporate Services Risk Register

Risk status  
(score)

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

Completed	Green	Amber	Red
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Risk details	Status and Risk owner	Mitigating controls
<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: 19 Oct 2016</p>	<p><span style="background-color: #90EE90; padding: 2px;">Green</span> Manage Expectations <span style="background-color: #FFA500; padding: 2px;">Amber</span> Understand Markets</p>
<p><a href="#">FIN39: Failure to deliver priority services as a result of significantly reduced finances</a></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 2016/17 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><span style="background-color: #90EE90; padding: 2px;">Green</span> Medium Term Financial Plan <span style="background-color: #90EE90; padding: 2px;">Completed</span> Annual Savings Plan approved by CLT <span style="background-color: #90EE90; padding: 2px;">Green</span> Purposeful Systems</p>

<p><b><u>PR01 - Supply market failure: Financial and other pressures leading to the failure of supply markets</u></b></p> <p>Failure of supply markets due to financial, capacity and other pressures particularly apparent in the social care market. Supply market failure could have a detrimental effect on the Council's ability to fulfil our legislative duties and strategic objectives.</p>	<p>Inherent status: 20 High  Current status : 16 High  Risk owner: <a href="#">Nicola Tribble</a>  Accountable officer: <a href="#">Justin Bennetts</a>  Last review: 19 Oct 2016</p>	<p>Completed Integrated Category Management</p> <p>Completed Integrated Procurement Category Management (IPCM)</p> <p>Completed Corporate Strategy for procurement performance 2008-11</p> <p>Green Attuned to markets</p> <p>Completed Contract Strategy</p>
<p><b><u>HR: Workforce and Succession Planning</u></b></p> <p>DCC risks not having workforce plans in place to ensure that it has the 'right number of people with the right skills, in the right place at the right time to deliver short and long term organisational objectives' (Chartered Institute of Personnel &amp; Development definition of 'workforce planning'). This is exacerbated by:</p> <ul style="list-style-type: none"> <li>• The demographics of the workforce, given that around 45% of our current directly employed DCC workforce is over 50 years and over 60% is over 40 years.</li> <li>• The need for changing skills and behaviours in order to implement new ways of working</li> <li>• DCC's new delivery model, including greater reliance on other employers/sectors to deliver services on our behalf</li> <li>• Significant changes in social trends and attitudes, such as the use of new technology and attitudes to the public sector, which may impact upon our 'employer brand' and therefore recruitment and retention</li> <li>• Skills shortages in key areas including social work and teaching</li> </ul>	<p>Inherent status: 16 High  Current status : 16 High  Risk owner: <a href="#">Helen Marsh</a>  Accountable officer: <a href="#">Jacky Wilson</a>  Last review: 08 Aug 2016</p>	<p>Green HR Strategy</p> <p>Green HR Redundancy and Turnover Management Strategy</p> <p>Amber HR Dashboard</p> <p>Green Communication and cross working</p> <p>Amber Workforce Planning roll-out</p>

- Improvements to the UK and local economy which may impact upon the Council's ability to recruit and retain staff.
- Government policy (for example exit payment proposals) and changes to the Council's redundancy compensation policy, which could impact upon retention, particularly of those at more senior levels and/or older workers.

**HR: Employee Services: System Failures**

System failure due to technical problems may result in employees not being paid on time or accurately

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Inherent status: 16 High  
 Current status : 16 High  
 Risk owner: [Wendy Smith](#)  
 Accountable officer: [Jacky Wilson](#)  
 Last review: 20 Oct 2016

- Green Proactive controls
- Amber HRMS Project
- Green Collaborative working
- Green HR and ICT Business Continuity Plans
- Amber Review of hardware and implementation of changes to processor

**Reduction in Public Health funding**

Clawback 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

Inherent status: 15 High  
 Current status : 15 High  
 Risk owner: [Mark Kealy](#)  
 Accountable officer: [Tracey Polak](#)  
 Last review: 08 Aug 2016

- Green Retaining a targeted health check programme for those most at risk
- Amber New Healthy Lifestyle service and voluntary service directory
- Green One You
- Green Change4Life
- Amber Making every contact count
- Amber Specialist smoking service

		<p>Amber Working with partners to access new sources of funding</p> <p>Completed</p>
<p><b>HR: Health and Safety</b></p> <p>Failure to deliver our statutory service delivery duties and legal obligations in respect to health and safety requirements. This leads to reputational and service delivery impact and costs.</p>	<p>Inherent status: 30 Very high</p> <p>Current status : 12 Medium</p> <p>Risk owner: <a href="#">Simon Bates</a></p> <p>Accountable officer: <a href="#">Jacky Wilson</a></p> <p>Last review: 18 Oct 2016</p>	<p>Green Health &amp; Safety Management Audit Systems</p> <p>Green Policies, procedures and risk assessment</p> <p>Green Provision of Competent Advice via the Devon Health &amp; Safety Service</p> <p>Green Consultation and monitoring arrangements</p> <p>Green The Annual Health Safety and Wellbeing Report</p> <p>Green Workforce Wellbeing</p>
<p><b>HR: Employee Services Safer Recruitment</b></p> <p>Failure to appropriately identify safeguarding issues during the recruitment process</p>	<p>Inherent status: 25 Very high</p> <p>Current status : 10 Medium</p> <p>Risk owner: <a href="#">Wendy Smith</a></p> <p>Accountable officer: <a href="#">Jacky Wilson</a></p> <p>Last review: 09 Aug 2016</p>	<p>Green Policies, procedures and risk assessment</p> <p>Green Provision of DCC safer recruitment team</p> <p>Green Dealing with agency appointments</p>
<p><b>HR: Industrial Relations Climate</b></p> <p>Developments at local, regional or national level might impact upon the industrial relations climate, particularly the relationship with the recognised trade unions. Industrial action leads to both short term impact, i.e. inability to provide services due to strike action by</p>	<p>Inherent status: 12 Medium</p> <p>Current status : 9 Low</p> <p>Risk owner: <a href="#">Helen Marsh</a></p> <p>Accountable officer: <a href="#">Jacky Wilson</a></p> <p>Last review: 08 Aug 2016</p>	<p>Green Management of Employee Relations</p>

employees and may also have a longer/wider ranging impact on the local industrial relations climate		
<p><a href="#">HR: Employment and Local Government Legislative Changes</a></p> <p>The way the council deploys, manages and rewards its staff is shaped in part by the legislative framework within which DCC has to operate. This includes general employment, HR policies, health and safety and equality legislation but also local government specific legislation such as the Equality Duty, the annual Pay Policy Statement and the Data Transparency Code. It includes government decisions like the introduction of the National Living Wage and Government consultations, such as those relating to Exit Payments. The HR Strategy will help DCC to plan for these changes.</p>	<p>Inherent status: 12 Medium</p> <p>Current status : 6 Low</p> <p>Risk owner: <a href="#">Helen Marsh</a></p> <p>Accountable officer: <a href="#">Jacky Wilson</a></p> <p>Last review: 08 Aug 2016</p>	<p>Green Responding to Government consultations</p> <p>Green Monitoring legislative/policy changes</p> <p>Green Updating Pay Policy Statement/Data Transparency Code</p>

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