



Phil Norrey
Chief Executive

You can view the agenda at <https://www.devon.gov.uk/democracy/>
or use a smart phone camera and scan the code above.

To: The Chair and Members of the
Audit Committee

County Hall
Topsham Road
Exeter
Devon
EX2 4QD

(See below)

Your ref :
Our ref :

Date : 20 July 2020
Please ask for : Dan Looker, 01392 382232

Email: dan.looker@devon.gov.uk

AUDIT COMMITTEE

Tuesday, 28th July, 2020

A meeting of the Audit Committee is to be held on the above date at 2.15 pm in the Virtual meeting. For public participation (questions /representations), please contact the Clerk for further details on attendance. To simply watch the meeting, see the instruction below. to consider the following matters.

P NORREY
Chief Executive

A G E N D A

PART I - OPEN COMMITTEE

- 1 Apologies for absence
- 2 Minutes

Minutes of the meeting held on 27 February 2020 (previously circulated).

- 3 Items Requiring Urgent Attention

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

- 4 Addendum to external audit plan for the County Council to reflect the implications of COVID-19 (Pages 1 - 6)

Report of Grant Thornton, attached

- 5 Addendum to External Audit Plan for the Pension Fund to reflect the implications of COVID-19
(Pages 7 - 12)

Report of Grant Thornton, attached.

- 6 External Audit Update (Pages 13 - 34)

Report of Grant Thornton, attached.

- 7 Risk Management Annual Report 2020/21 (Pages 35 - 48)

Report of the County Treasurer (CT/20/62), attached.

- 8 Annual Internal Audit Report 2019/20 (Pages 49 - 80)

Report of the County Treasurer (CT/20/63), attached.

- 9 Control Environment for Devon County Council (Pages 81 - 94)

Report of the County Treasurer (CT/20/64), attached.

- 10 Annual Governance Statement 2019/20 (Pages 95 - 118)

Report of the Leadership Group (CS0/20/13), attached.

- 11 Audit Committee Annual Plan 2020 (Pages 119 - 120)

The Committee to note the Annual Plan and forthcoming business, attached.


- 12 Future Meetings

Please use link below for County Council Calendar of Meetings:

<http://democracy.devon.gov.uk/ieListMeetings.aspx?CId=161&Year=0>

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

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

Membership
Councillors J Clatworthy, I Hall (Vice-Chair), J Berry, J Brazil, R Peart, A Saywell, J Mathews (Chair) and G Sheldon
Declaration of Interests
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.
Access to Information
Any person wishing to inspect any minutes, reports or lists of background papers relating to any item on this agenda should contact Dan Looker, 01392 382232. Agenda and minutes of the Committee are published on the Council's Website and can also be accessed via the Modern.Gov app, available from the usual stores.
Webcasting, Recording or Reporting of Meetings and Proceedings
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: http://www.devoncc.public-i.tv/core/
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 Chair. 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 Chair 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.
Emergencies
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.
Mobile Phones
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 Customer Service Centre on 0345 155 1015 or email: committee@devon.gov.uk or write to the Democratic and Scrutiny Secretariat in G31, County Hall, Exeter, EX2 4QD.
 Induction loop system available

NOTES FOR VISITORS

All visitors to County Hall, including visitors to the Committee Suite and the Coaver Club conference and meeting rooms are requested to report to Main Reception on arrival. If visitors have any specific requirements or needs they should contact County Hall reception on 01392 382504 beforehand. Further information about how to get here can be found at: <https://new.devon.gov.uk/help/visiting-county-hall/>. Please note that visitor car parking on campus is limited and space cannot be guaranteed. Where possible, we encourage visitors to travel to County Hall by other means.

SatNav – Postcode EX2 4QD

Walking and Cycling Facilities

County Hall is a pleasant twenty minute walk from Exeter City Centre. Exeter is also one of six National Cycle demonstration towns and has an excellent network of dedicated cycle routes – a map can be found at: <https://new.devon.gov.uk/travel/cycle/>. Cycle stands are outside County Hall Main Reception and Lucombe House

Access to County Hall and Public Transport Links

Bus Services K, J, T and S operate from the High Street to County Hall (Topsham Road). To return to the High Street use Services K, J, T and R. Local Services to and from Dawlish, Teignmouth, Newton Abbot, Exmouth, Plymouth and Torbay all stop in Barrack Road which is a 5 minute walk from County Hall. Park and Ride Services operate from Sowton, Marsh Barton and Honiton Road with bus services direct to the High Street.

The nearest mainline railway stations are Exeter Central (5 minutes from the High Street) and St David's and St Thomas's both of which have regular bus services to the High Street. Bus Service H (which runs from St David's Station to the High Street) continues and stops in Wonford Road (at the top of Matford Lane shown on the map) a 2/3 minute walk from County Hall, en route to the RD&E Hospital (approximately a 10 minutes walk from County Hall, through Gras Lawn on Barrack Road).

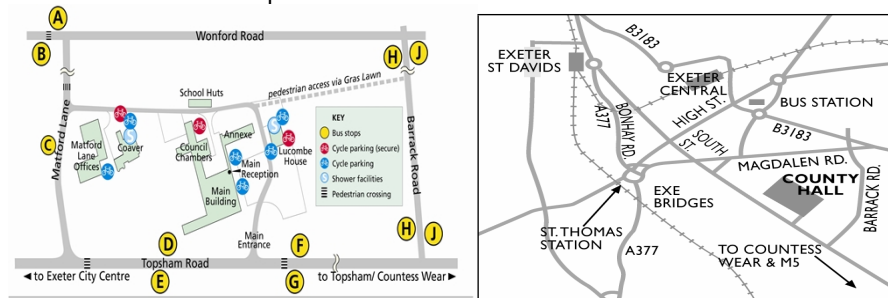
Car Sharing

Carsharing allows people to benefit from the convenience of the car, whilst alleviating the associated problems of congestion and pollution. For more information see: <https://liftshare.com/uk/community/devon>.

Car Parking and Security

There is a pay and display car park, exclusively for the use of visitors, entered via Topsham Road. Current charges are: Up to 30 minutes – free; 1 hour - £1.10; 2 hours - £2.20; 4 hours - £4.40; 8 hours - £7. Please note that County Hall reception staff are not able to provide change for the parking meters.

As indicated above, parking cannot be guaranteed and visitors should allow themselves enough time to find alternative parking if necessary. Public car parking can be found at the Cathedral Quay or Magdalen Road Car Parks (approx. 20 minutes walk). There are two disabled parking bays within the visitor car park. Additional disabled parking bays are available in the staff car park. These can be accessed via the intercom at the entrance barrier to the staff car park.



NB   **Denotes bus stops**

Fire/Emergency Instructions

In the event of a fire or other emergency please note the following instructions. If you discover a fire, immediately inform the nearest member of staff and/or operate the nearest fire alarm. On hearing a fire alarm leave the building by the nearest available exit. The County Hall Stewardesses will help direct you. Do not stop to collect personal belongings and do not use the lifts. Assemble either on the cobbled car parking area adjacent to the administrative buildings or in the car park behind Bellair, as shown on the site map above. Please remain at the assembly point until you receive further instructions. Do not re-enter the building without being told to do so.

First Aid

Contact Main Reception (extension 2504) for a trained first aider.

Audit Committee
28 July 2020

2019/20 External Audit Plan update for Devon County Council
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 audit plan update

1. We presented our original audit plan for 2019/20 to the Audit Committee in February 2020. We have since updated our risk assessment to reflect the implications of Covid-19 on your financial statements and on our subsequent audit and this is reflected in the attached addendum to our audit plan. This has been discussed and agreed with management.

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

Contact for Enquiries:

David Bray | Senior Manager | Audit

For Grant Thornton UK LLP

2 Glass Wharf | Bristol | BS2 0EL

T (direct) +44 (0)117 305 7889

E david.bray@uk.gt.com | **W** grantthornton.co.uk

Background Paper: None

External Audit Plan update

Devon County Council
Year ending 31 March 2020

Page 3
18 April 2020



Introduction & headlines

Purpose

This document provides an update to the planned scope and timing of the statutory audit of Devon County Council ('the Authority') as reported in our Audit Plan dated 27 February 2020 for those charged with governance.

The current environment

In addition to the audit risks communicated to those charged with governance in our Audit Plan on 27 February 2020, recent events have led us to update our planning risk assessment and reconsider our audit and value for money (VfM) approach to reflect the unprecedented global response to the Covid-19 pandemic. The significance of the situation cannot be underestimated and the implications for individuals, organisations and communities remains highly uncertain. For our public sector audited bodies, we appreciate the significant responsibility and burden your staff have to ensure vital public services are provided. As far we can, our aim is to work with you in these unprecedented times, ensuring up to date communication and flexibility where possible in our audit procedures.

Impact on our audit and VfM work

Management and those charged with governance are still required to prepare financial statements in accordance with the relevant accounting standards and the Code of Audit Practice, albeit to an extended deadline for the preparation of the financial statements up to 31 August 2020 and the date for audited financial statements to 30 November 2020. We will liaise with management to agree appropriate timescales. We continue to be responsible for forming and expressing an opinion on the Authority's financial statements and VfM arrangements.

In order to fulfil our responsibilities under International Auditing Standards (ISA's (UK)) we have revisited our planning risk assessment. We may also need to consider implementing changes to the procedures we had planned and reported in our Audit Plan to reflect current restrictions to working practices, such as the application of technology to allow remote working. Additionally, it has been confirmed since our Audit Plan was issued that the implementation of IFRS 16 has been delayed for the public sector until 2020/21.

Changes to our audit approach

To date we have:

- Identified a new significant financial statement risk, as described overleaf
- Reviewed the materiality levels we determined for the audit. We did not identify any changes to our materiality assessment as a result of the risk identified due to Covid-19

Changes to our VfM approach

We have updated our VfM risk assessment to document our understanding of your arrangements to ensure critical business continuity in the current environment. We have not identified any new VfM risks in relation to Covid-19 in the 2019/20 financial year.

Conclusion

We will ensure any further changes in our audit and VfM approach and procedures are communicated with management and reported in our Audit Findings Report. We wish to thank management for their timely collaboration in this difficult time.

Significant risk identified – COVID-19 pandemic

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Covid-19	<p>The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to:</p> <ul style="list-style-type: none"> • Remote working arrangements and redeployment of staff to critical front line duties may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation • Volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation and receivable recovery estimates, and the reliability of evidence we can obtain to corroborate management estimates • Financial uncertainty will require management to reconsider financial forecasts supporting their going concern assessment and whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen; and • Disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties. <p>We therefore identified the global outbreak of the Covid-19 virus as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • Work with management to understand the implications the response to the Covid-19 pandemic has on the organisation's ability to prepare the financial statements and update financial forecasts and assess the implications on our audit approach; • Liaise with other audit suppliers, regulators and government departments to co-ordinate practical cross sector responses to issues as and when they arise; • Evaluate the adequacy of the disclosures in the financial statements in light of the Covid-19 pandemic; • Evaluate whether sufficient audit evidence using alternative approaches can be obtained for the purposes of our audit whilst working remotely; • Evaluate whether sufficient audit evidence can be obtained to corroborate significant management estimates such as asset valuations and recovery of receivable balances; • Evaluate management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment; and • Discuss with management any potential implications for our audit report if we have been unable to obtain sufficient audit evidence.

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.



Audit Committee
28 July 2020

2019/20 External Audit Plan update for Devon Pension Fund
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 audit plan update

1. We presented our original audit plan for 2019/20 to the Audit Committee in February 2020. We have since updated our risk assessment to reflect the implications of Covid-19 on your financial statements and on our subsequent audit and this is reflected in the attached addendum to our audit plan. This has been discussed and agreed with management.

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

Contact for Enquiries:

David Bray | Senior Manager | Audit

For Grant Thornton UK LLP

2 Glass Wharf | Bristol | BS2 0EL

T (direct) +44 (0)117 305 7889

E david.bray@uk.gt.com | **W** grantthornton.co.uk

Background Paper: None

External Audit Plan update

Devon Pension Fund
Year ending 31 March 2020

Page 9
18 April 2020



Introduction & headlines

Purpose

This document provides an update to the planned scope and timing of the statutory audit of Devon Pension Fund ('the Fund') as reported in our Audit Plan dated 27 February 2020 for those charged with governance.

The current environment

In addition to the audit risks communicated to those charged with governance in our Audit Plan on 27 February 2020, recent events have led us to update our planning risk assessment and reconsider our audit approach to reflect the unprecedented global response to the Covid-19 pandemic. The significance of the situation cannot be underestimated and the implications for individuals, organisations and communities remains highly uncertain. For our public sector audited bodies, we appreciate the significant responsibility and burden your staff have to ensure vital public services are provided. The Fund will also be specifically facing a number of tough challenges around covenant strengths, funding, investment, governance and communications to members. As far we can, our aim is to work with you in these unprecedented times, ensuring up to date communication and flexibility where possible in our audit procedures.

Impact on our audit

Management and those charged with governance are still required to prepare financial statements in accordance with the relevant accounting standards and the Code of Audit Practice, albeit to an extended deadline for the preparation of the financial statements up to 31 August 2020 and the date for audited financials statements to 30 November 2020, however we will liaise with management to agree appropriate timescales. We continue to be responsible for forming and expressing an opinion on the Fund's financial statements.

In order to fulfil our responsibilities under International Auditing Standards (ISA's (UK)) we have revisited our planning risk assessment. We may also need to consider implementing changes to the procedures we had planned and reported in our Audit Plan to reflect current restrictions to working practices, such as the application of technology to allow remote working.

Changes to our audit approach

To date we have:

- Identified a new significant financial statement risk, as described overleaf
- Reviewed the materiality levels we determined for the audit. We have not identified any changes to our materiality assessment as a result of the risk identified due to Covid-19 although as materiality is based on the Fund's net assets, this may be revised when we receive the draft financial statements.

Conclusion

We will ensure any further changes in our audit approach and procedures are communicated with management and reported in our Audit Findings Report. We wish to thank management for their timely collaboration in this difficult time.

Significant risk identified – COVID-19 pandemic

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Covid-19	<p>The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to:</p> <ul style="list-style-type: none"> • Remote working arrangements and redeployment of staff to critical front line duties may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation; • Volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation, and the reliability of evidence we can obtain to corroborate management estimates; • For instruments classified as fair value through profit and loss there may be a need to review the Level 1-3 classification of the instruments if trading may have reduced to such an extent that quoted prices are not readily and regularly available and therefore do not represent actual and regularly occurring market transactions; • Whilst the nature of the Fund and its funding position (i.e. not in a winding up position or no cessation event) means the going concern basis of preparation remains appropriate management may need to consider whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen; and • Disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties. <p>We therefore identified the global outbreak of the Covid-19 virus as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • Work with management to understand the implications the response to the Covid-19 pandemic has on the organisation's ability to prepare the financial statements and update financial forecasts and assess the implications on our audit approach; • Liaise with other audit suppliers, regulators and government departments to co-ordinate practical cross sector responses to issues as and when they arise; • Evaluate the adequacy of the disclosures in the financial statements in light of the Covid-19 pandemic, including management's assessment of the impact of Covid 19 upon employer covenants and forecast cashflows; • Evaluate whether sufficient audit evidence using alternative approaches can be obtained for the purposes of our audit whilst working remotely; • Evaluate whether sufficient audit evidence can be obtained to corroborate management's fair value hierarchy disclosure; • Evaluate whether sufficient audit evidence can be obtained to corroborate significant management estimates such as Level 3 asset valuations; and • Discuss with management any potential implications for our audit report if we have been unable to obtain sufficient audit evidence.

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.



Audit Committee
28 July 2020

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. It also includes a summary of materials that may be of interest to the Committee as well as a briefing on Covid-19.

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

Contact for Enquiries:

David Bray | Senior Manager | Audit

For Grant Thornton UK LLP

2 Glass Wharf | Bristol | BS2 0EL

T (direct) +44 (0)117 305 7889

E david.bray@uk.gt.com | **W** grantthornton.co.uk

Background Paper: None

Audit Progress Report and Sector Update

Devon County Council
Year ending 31 March 2020

Audit Committee date: 28 July 2020



Contents

Section	Page
Introduction	3
Progress 9 July 2020	4
Audit Deliverables	6
Results of Interim Audit Work	7
Sector update	9
Covid-19 and Local Government	14

Introduction



Julie Masci

Engagement Lead

T 02920 347506
M 07730 677623
E julie.masci@uk.gt.com



David Bray

Engagement Manager

T 0117 305 7889
E david.bray@uk.gt.com

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

The paper also includes a briefing on the issues faced by Local Government in relation to Covid 19.

Members of the Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications www.grantthornton.co.uk

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 9 July 2020

Page 18

Financial Statements Audit

We presented our 2019/20 audit plans for the County Council and Pension Fund to the Audit Committee in February 2020. These set out our proposed approach to the audit of the Council's and Pension Fund's 2019/20 financial statements.

We issued an addendum to each of those plans to management on 28 April 2020 to include a significant financial statement risk regarding the Covid-19 pandemic. These are included on the Audit Committee agenda for July 2020.

We commenced our interim audit in February 2020 although the outbreak of Covid-19 has meant that the work was not completed on-site in March as originally intended and we will complete this as part of our final accounts audit. See page 7 of this update for further information.

Changes to national audit timetable

The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020, which amend the Accounts and Audit Regulations 2015, came into force on 30 April 2020.

These new regulations confirmed:

- the publication date for final, audited, accounts would move to 30 November 2020 for all local authority bodies;
- local authorities must commence the public inspection period on, or before, the first working day of September 2020; and
- draft accounts must be approved by 31 August 2020, or earlier where possible.

We continue to liaise with the Section 151 Officer and key finance officers in respect of the impact of Covid-19 on the Council's operations and the production of its financial statements and we have begun to make arrangements for a fully remote final accounts audit.

Our audit of the Pension Fund commenced on 1 July 2020 and we plan to commence our audit of the County Council on 1 August 2020, once the financial statements are available.

Value for Money

The scope of our work is set out in the guidance issued by the National Audit Office (NAO). The Code requires auditors to satisfy themselves that: "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".

The guidance confirmed the overall criterion as: "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".

The three sub criteria for assessment to be able to give a conclusion overall are:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties

Details of our initial risk assessment to determine our approach were included in our Audit Plan. This risk assessment identified the following VFM significant risks:

- Financial resilience
- Ofsted and CQC Findings

We have updated our VfM risk assessment to document our understanding of your arrangements to ensure critical business continuity in the current environment. We have not identified any new VfM risks in relation to Covid-19.

We plan to report our work in the Audit Findings Report and aim to give our Value for Money Conclusion by 30 November 2020.

Progress at 9 July 2020

Changes to the NAO Code of Audit Practice

The NAO has consulted on a new Code of Audit Practice and the new version applicable for audits from 1 April 2020 which includes significant changes to the auditor's Value for Money work. The NAO are currently consulting on the Auditor Guidance Notes to support the new Code which will provide clarity on the requirements for Value for Money audit work from the 2020/21 financial year.

Other areas

Meetings

We meet with Finance Officers as part of our liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

Events

We provide a range of workshops, along with network events for members and publications to support the Council. Your officers attended our Financial Reporting Workshop in January 2020, which will help to ensure that members of your Finance Team are up to date with the latest financial reporting requirements for local authority accounts.

We have also arranged a series of virtual workshops to discuss Covid-19 financial reporting and the session for County Councils is being held on 30 July 2020. This will be run by our technical team and will provide an opportunity for wider discussions with the Council's peers. This follows on from the recent Grant Thornton publication on the financial reporting impact of Covid-19. Your finance team have been invited to participate.

Audit Fees

In our audit plans we outlined variations to the audit scale fee for the County Council and Pension Fund and these have been approved by Public Sector Audit Appointments Limited (PSAA).

PSAA will review the position after the completion of the audit and will make any amendments to this fee deemed necessary.

Audit Deliverables

2019/20 Deliverables	Planned Date	Status
Fee Letter Confirming audit fee for 2019/20	April 2019	Complete
Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2019-20 financial statements.	February 2020	Complete
Interim Audit Findings We will report to you the findings from our interim audit and an update on our VFM work within our Progress Report.	May 2020	Complete. The May Audit Committee was cancelled and so the interim audit findings are reported on page 7 of this update.
Audit Findings Report The Audit Findings Report will be reported to the November Audit Committee.	November 2020	Not yet due
Auditors Report This is the opinion on your financial statement, annual governance statement and value for money conclusion.	November 2020	Not yet due
Annual Audit Letter This letter communicates the key issues arising from our work.	December 2020	Not yet due

Results of Interim Audit Work

The findings of our interim audit work, and the impact of our findings on the accounts audit approach, are summarised in the table below:

2019/20 Deliverables	Work performed	Conclusions and recommendations
Council's control environment	<p>We obtained an understanding of the overall control environment relevant to the preparation of the financial statements including:</p> <ul style="list-style-type: none"> • communication and enforcement of integrity and ethical values; • commitment to competence; • participation by those charged with governance; • management's philosophy and operating style; • organisational structure; • assignment of authority and responsibility; and • human resource policies and practices. 	We have not yet received the Council's commentary on it's overall control environment, and are therefore not able to fully conclude. No issues have been identified to date.
Review of Information Technology controls	<p>Our IT (information technology) colleagues performed a high level review of the general IT control environment for the 2018/19 audit, as part of the overall review of the internal controls system.</p> <p>We have reviewed and updated this assessment for 2019/20.</p>	We will reviewed and update this assessment for 2019/20 as part of our final accounts audit.
Internal audit	<p>We have completed a high level review of internal audit's overall arrangements. Our work has not identified any issues which we wish to bring to your attention.</p>	Our review of internal audit work has not identified any weaknesses which impact on our audit approach.
The Council's financial systems	<p>We have:</p> <ul style="list-style-type: none"> • updated our understanding of the Council's business processes; • documented the understanding of the entity's information and communication component of internal control; and • started the walkthrough of the Council's systems in our significant risk areas. 	<p>Some processes and controls only occur at the year end and therefore at our final audit visit we will complete this work for the year end processes.</p> <p>To date we have not identified any control weaknesses to bring to the Committee's attention.</p>

Results of Interim Audit Work (cont'd)

The findings of our interim audit work, and the impact of our findings on the accounts audit approach, are summarised in the table below:

2019/20 Deliverables	Work performed	Conclusions and recommendations
Journal entry controls	We have reviewed the Council's journal entry policies and procedures as part of determining our journal entry testing strategy. To date we have not identified any material weaknesses which are likely to adversely impact on the Council's control environment or financial statements.	We have walked through the journal system and documented the control environment. Our work on journals will be concluded during our final audit visit.
Emerging accounting arrangements	Subsequent to the issue of our Audit Plan and as reported in our Audit Plan Addendum, the implementation of IFRS 16 (Leases) has been deferred until 2021/22 due to the Covid-19 pandemic.	Our view is that some disclosure regarding the potential impact on will still need to be disclosed in the 2019/20 accounts in accordance with accounting standards and we are discussing this with Officers.
Early substantive testing	As a result of the timing of our interim audit and the changing working conditions in response to the Covid-19 pandemic we were unable to complete any early substantive testing during our interim visit.	All substantive testing will be completed as part of our final audit visit.

Sector Update

Councils are tackling a continuing drive to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider NHS and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- **Grant Thornton Publications**
- **Insights from local government sector specialists**
- **Reports of interest**
- **Accounting and regulatory updates**

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Local
government

In-depth insight into the impact of Covid-19 on financial reporting in the local government sector – Grant Thornton

In June Grant Thornton published a report to help officers and elected members identify points they should consider when assessing and reporting the impact of Covid-19 on their authority. Each authority will be impacted in different ways and will need to make their own assessment of the impact on their financial statements. However, the report identified some of the key challenges for the sector, along with the potential financial reporting and regulatory impact, to support preparers of local authority accounts navigate through some of these key issues. The report also included a number of useful links to other resources.

The report considered:

- Operational challenges and the related financial reporting/regulatory impact
- Government support schemes – considering the accounting implications
- Significant financial reporting issues to consider
- Other sector issues and practicalities to consider
- Impact on audit work/external scrutiny process
- Engagement with experts

We shared the report with your officers and discussed relevant issues with them in a timely manner.

The extraordinary events we are living through follow a decade of austerity, triggered by the financial crisis of 2008/09, which had already placed considerable strain on local authorities' finances. Increased demand for many local public services, directly related to the outbreak of the virus, has placed immediate pressure on authorities' cash flows and expenditure budgets. The longer-term consequences of recession and unemployment on demand for services have yet to be experienced.

At the same time, several important sources of local authority income including Council Tax, Non-domestic (business) rates, fees and charges, rents and investment returns have, to a greater or lesser extent, been subject to reduction or suspension. This perfect storm of conditions presents a real threat to the financial sustainability of the sector. Now, more than ever, strong political and executive leadership is needed to re-establish priorities, review strategies and medium-term financial plans and ensure that public funds are being used as efficiently and effectively as possible. A balance has to be struck between responding to the needs of residents and businesses in a timely manner, protecting the most vulnerable and ensuring appropriate measures and controls around financial management are in place to mitigate against future 'financial shock'. In doing so, iterative scenario planning will help officers and elected members to take informed decisions at key stages, revisiting and revising plans along the way.



The full report can be obtained from the Grant Thornton website:

<https://www.grantthornton.co.uk/globalassets/1.-member-firms/united-kingdom/pdf/publication/2020/impact-of-covid19-on-financial-reporting-local-government-sector.pdf>

Guide for Audit and Risk Committees on Financial Reporting and Management during COVID-19 – National Audit Office

In June the National Audit Office (NAO) published a guide that “aims to help audit and risk committee members discharge their responsibilities and to examine the impacts on their organisations of the COVID-19 outbreak. It is part of a programme of work undertaken by the NAO to support Parliament in its scrutiny of the UK government’s response to COVID-19.”

The NAO report notes “Audit and risk committees are integral to the scrutiny and challenge process. They advise boards and accounting officers on matters of financial accountability, assurance and governance, and can support organisations, providing expert challenge, helping organisations focus on what is important, and how best to manage risk.

Each organisation will have existing risk management processes in place, but risk appetite may have changed as a result of COVID-19, for the organisation to operate effectively and respond in a timely manner. This may result in a weakening of controls in some areas, increasing the likelihood of other risks occurring. Organisations will need to consider how long this change in risk appetite is sustainable for.”

The NAO comment “This guide aims to help audit and risk committee members discharge their responsibilities in several different areas, and to examine the impacts on their organisations of the COVID-19 outbreak, including on:

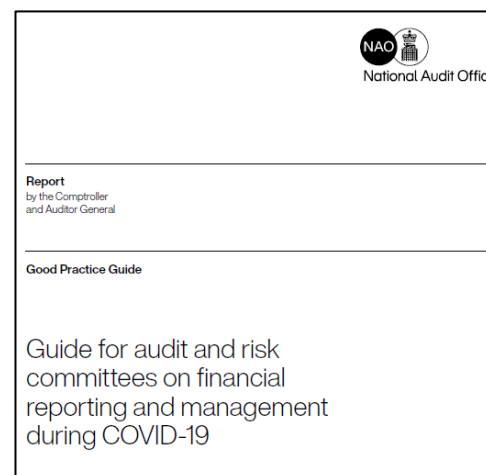
- annual reports;
- financial reporting;
- the control environment; and
- regularity of expenditure.

In each section of the guide we have set out some questions to help audit and risk committee members to understand and challenge activities. Each section can be used on its own, although we would recommend that audit and risk committee members consider the whole guide, as the questions in other sections may be interrelated. Each individual section has the questions at the end, but for ease of use all the questions are included in Appendix One.

The guide may also be used as organisations and audit and risk committees consider reporting in the 2020-21 period.”

The full report can be obtained from the NAO website:

<https://www.nao.org.uk/report/guidance-for-audit-and-risk-committees-on-financial-reporting-and-management-during-covid-19/>



Place-Based Growth - 'Unleashing counties' role in levelling up England' – Grant Thornton

In March Grant Thornton launched a new place-based growth report 'Unleashing counties' role in levelling up England. The report, produced in collaboration with the County Councils Network, provides evidence and insight into place-based growth through the lens of county authority areas. It unpacks the role of county authorities in delivering growth over the past decade through: desk-based research, data analysis and case study consultations with 10 county authorities (Cheshire East, Cornwall, Durham, Essex, Hertfordshire, North Yorkshire, Nottinghamshire, Oxfordshire, Staffordshire, Surrey).

The report reveals:

- Growth, as measured by Gross Added Value (GVA), in county areas has lagged behind the rest of the country by 2.6% over the last five years. GVA in the 36 county areas has grown by 14.1% between 2014 and 2018, compared to 16.7% for the rest of England.
- In total, 25 of these counties have grown at a rate slower than the rest of the country. The research finds no north-south divide, as the county areas experiencing some of the smallest economic growth are Herefordshire (5.3%), Oxfordshire (5.6%) and Cumbria (8.2%), Gloucestershire (9.2%), and Wiltshire (9.7%) – showing that one size fits all policies will not work.
- Some 30 of the 36 county authority areas have workplace productivity levels below the England average. At the same time, counties have witnessed sluggish business growth, with county authorities averaging 7.9% growth over the last five years – almost half of that of the rest of the country's figure of 15.1% over the period 2014 to 2019.

To address these regional disparities in growth and local powers, the report's key recommendations include:

- Rather than a focus on the 'north-side divide', government economic and investment assessments should identify those places where the economic 'gap' is greatest – Either to the national average or between different places – and focus investment decisions on closing that gap and levelling up local economies.

- The devolution white paper must consider how devolution of powers to county authorities could assist in levelling-up the country. This should include devolving significant budgets and powers down to councils, shaped around existing county authorities and local leadership but recognising the additional complexity in two-tier local authority areas and whether structural changes are required.
- Growth boards should be established in every county authority area. As part of this a statutory duty should be placed on county authorities to convene and coordinate key stakeholders (which could include neighbouring authorities). These growth boards should be governed by a national framework which would cover the agreed 'building blocks' for growth – powers, governance, funding and capacity.
- Planning responsibilities should be reviewed with responsibility for strategic planning given to county authorities. In line with the recently published final report of the Building Better, Building Beautiful Commission, the government should consider how county authorities, along with neighbouring unitary authorities within the county boundary, could take a more material role in the strategic and spatial planning process.

- The National Infrastructure Commission should ensure greater consideration of the infrastructure requirements in non-metropolitan areas. Their national infrastructure assessments could consider how better investment in infrastructure outside metropolitan areas could link to wider growth-related matters that would help to level up the economy across the country.

The full report can be obtained from the Grant Thornton website:

<https://www.grantthornton.co.uk/en/insights/unleashing-counties-role-in-levelling-up-england/>



Future Procurement and Market Supply Options Review – Public Sector Audit Appointments

Public Sector Audit Appointments (PSAA) has commissioned an independent review of the sustainability of the local government audit market. The review was undertaken by an independent consultancy, Touchstone Renard.

PSAA note that the report “draws on the views of audit firms active in the local authority market as well as others that are not. In doing so it identifies a number of distinctive challenges in the current local audit market. In particular it highlights the unprecedented scrutiny and significant regulatory pressure on the auditing profession; the challenges of a demanding timetable which expects publication of audited accounts by 31 July each year; and the impact of austerity on local public bodies and its effect on both the complexity of the issues auditors face and the capacity of local finance teams”.

Key findings in the report include:

- A lack of experienced local authority auditors as the main threat to the future sustainability of the market.
- It will be difficult to bring the non-approved firms into the market.
- Of the nine approved firms, only five have current contracts with PSAA.
- Almost all of the approved firms have reservations about remaining in the market.
- Firms perceive that their risks have increased since bids were submitted for the current contracts.
- The timing of local audits is problematic.

Key issues for the next procurement round include:

- Number of lots and lot sizes.
- Lot composition.
- Length of contracts.
- Price:quality ratio.

The report notes that “PSAA will need to balance the views of the firms with wider considerations including the needs of audited bodies and the requirement to appoint an auditor to every individual body opting in to its collective scheme”.



The full report can be obtained from the PSAA website:

<https://www.psaa.co.uk/wp-content/uploads/2020/03/PSAA-Future-Procurement-and-Market-Supply-Options-Review.pdf>

Covid-19 and Local Government

A Grant Thornton briefing for audit committees



Context

Public services, including local government, have been at the forefront of the emergency response to the Coronavirus (COVID-19) pandemic. Very few local government services have not been impacted by COVID-19, as councils have had to create new service lines as part of the emergency response, such as their work in identifying and supporting shielded and vulnerable citizens. They have also had to redeploy people to new roles and repurpose assets to new functions. For example, by closing leisure centres and repurposing them as temporary mortuaries or food banks.

Prior to COVID-19 local government had to adapt to significant reductions in funding during a period of austerity. For example, spending on local services fell by 21% in real terms between 2009-10 and 2017-18. However, underlying this high level reduction are much larger reductions in expenditure on specific service lines. In broad terms, councils managed austerity by significantly reducing spending on discretionary services, in order to protect statutory services to the most vulnerable people, particularly social care services. In addition, councils had to place greater reliance on fees and charges income. They have also had to be innovative in generating new income sources, particularly taking more commercial approach. This commercialisation trend is now changing, however, as authorities seek to balance social outcomes with financial sustainability.

COVID-19 has had a further significant impact on local government finances. This is the result of three main factors:

- increase in expenditure in managing the emergency response, such as purchase of PPE, provision of food and medical supplies to shielded citizens, and increased costs in relation to adult social care;
- lost income due to close services, such as leisure centres, and reductions in income from other sources, such as car parking, business rates and council tax; and
- non-delivery of savings plans

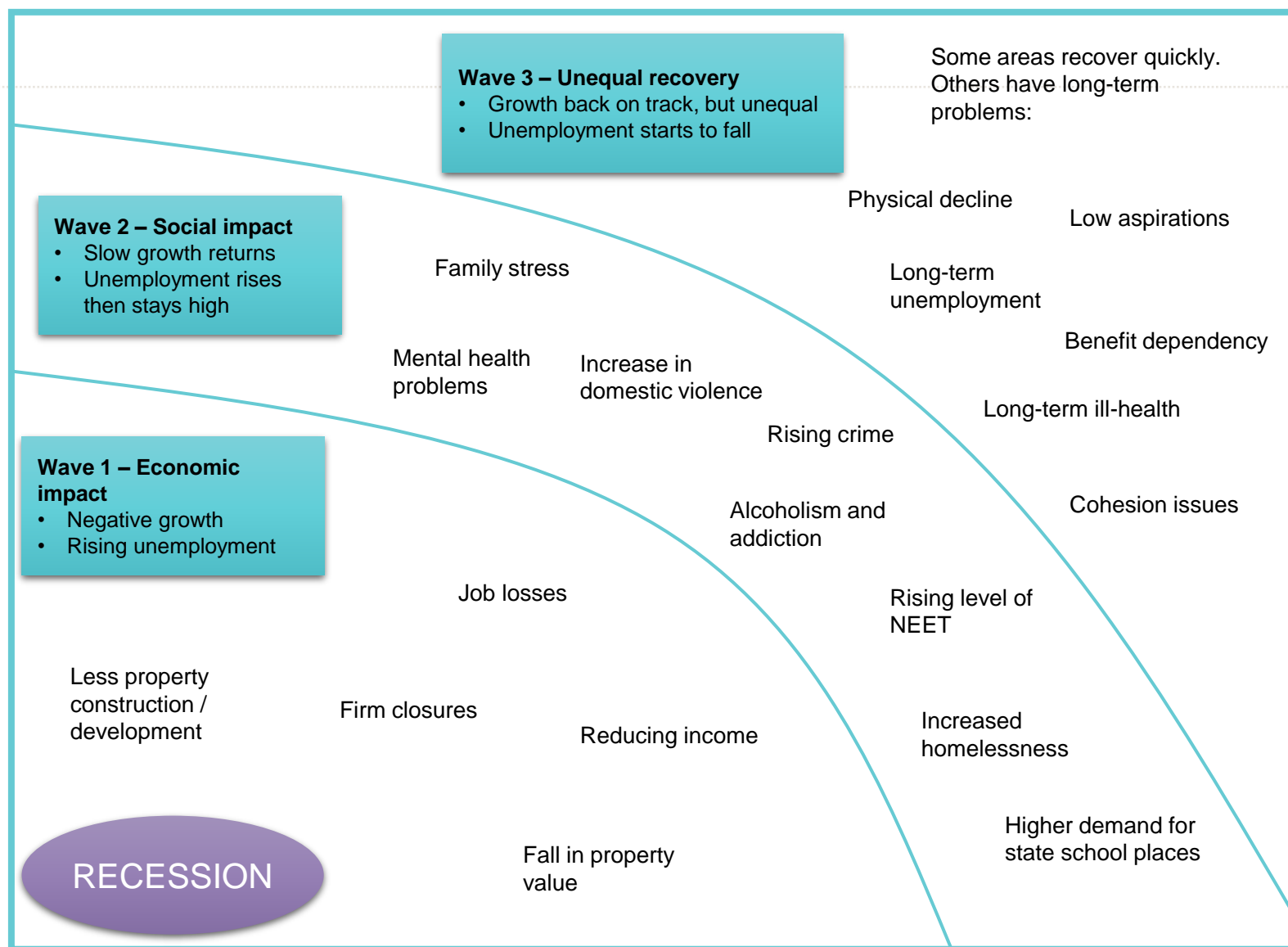
Whilst central government has made significant additional funding contributions to local government, in recognition of the financial consequences of COVID-19, the total funding gap for councils in England is currently estimated to be £6billion by the Local Government Association. The sector is still in the process of determining the longer term financial impact. Tranches of government funding provided so far have generally focussed on alleviating financial pressures created by COVID-19 related to additional council expenditures, so have limited benefit in offsetting lost income, such as that relating to leisure services, car parking income and other fees and charges.

This stark financial context has significant implications for the sector. Particularly as councils start to move from the emergency response stage to the recovery planning stage of COVID-19. The key risks councils will therefore need to consider include:

- how they stand up closed services such as leisure centres, the impact of COVID-19 on future demand, and the operational challenges of service delivery with on-going social distancing rules;
- how service delivery may need to change as a result of learning from COVID-19 and how long-lasting cultural and behavioural changes will impact on their operating models;
- the impact on local markets such as social care and transport, and the financial consequences of market and supply chain failure;
- how the economic impact of COVID-19 will impact on service need and on the demand for income generating services; and
- whether certain services will need to reduce or cease to manage the funding gap.
- exploration of opportunities for more radical change that may have arisen from COVID-19, such as building on the large-scale transfer of care that has taken place and the opportunities regarding reablement, and broader integration with health.

Given the fast moving events and new policy announcements by government in response to Covid-19 Clearly these risks are subject to change and this is not an exhaustive list. However, understanding these various scenarios, their potential financial implications, and resources available to deliver them will nevertheless be critical over the short to medium term.







Can we learn from previous recessions?



Source: Audit Commission

Scenarios and hypotheses

Local authority areas in 12-24 months?

Theme	Reasonable worst case	Reasonable best case
People & community 	<ul style="list-style-type: none"> Multiple lockdowns and ongoing disruption Community dependency and expectation of sustained response Turbulence and activism within the VCS Socio-economic inequality is compounded Failure of leisure and cultural services 	<ul style="list-style-type: none"> Smooth exit from lockdown to a “new normal” Community mobilisation is channelled into ongoing resilience Strengthened VCS relationships and focus Systemic response to inequality is accelerated Leisure and cultural services adapted to social distancing
Business & economy 	<ul style="list-style-type: none"> 16% reduction in GVA for 2020 based on OBR reference scenario Slow / uneven economic recovery and “long tail” on unemployment Central gov / BEIS focus investment on areas furthest behind Loss of tourist & student spend causes unmitigated damage ‘V’ shaped recovery results in 2-3 year recovery period 	<ul style="list-style-type: none"> 5-10% reduction in GVA Rapid economic recovery with employment levels close behind Central government “back winners” with investment Adaptation allows resumption of tourist and student economy Business base is weighted towards growth sectors
Health & wellbeing 	<ul style="list-style-type: none"> Increased demand and escalating need due to fallout from lockdown Newly-vulnerable cohorts place strain on the system Unit costs increase further as markets deteriorate and providers fail SEND transport unable to adapt to social distancing Imposed disruption of care system 	<ul style="list-style-type: none"> Positive lifestyle changes and attitudes to care reduce demand Needs of newly vulnerable cohorts met through new service models New investment in prevention and market-shaping manage costs New ways of working leading to stronger staff retention Locally-led reform of health and care system
Political & regulatory 	<ul style="list-style-type: none"> Local government side-lined by a centralised national recovery effort Unfunded burdens (e.g. enforcement and contact-tracing) Councils in the firing line for mismanaging recovery 	<ul style="list-style-type: none"> Local government empowered as leaders of place-based recovery Devolution and empowerment of localities Councils at the forefront of civic and democratic renewal
Environment 	<ul style="list-style-type: none"> Opportunity missed to capture and sustain environmental benefits The end of the high street / town centres Emissions and air quality worsened by avoidance of public transport Capital programmes stuck 	<ul style="list-style-type: none"> Ability to invest in transport modal shift and green infrastructure Changed working patterns rejuvenate town centres Sustained impact on emissions due to new behaviours New, shovel-ready infrastructure programmes
Organisational 	<ul style="list-style-type: none"> Inadequate funding forces fiscal constraint Working practices return to status quo – increased operating costs Imposed structural change within the place Austerity 2 Commercial portfolio becomes a liability 	<ul style="list-style-type: none"> Adequate funding enables a programme of targeted investment Learning and adaptation to new operating environment Energised system-wide collaboration and reform Fiscal reform and civic renewal Commercial portfolio reshaped for economic and social gain

What strategy is needed in response?

From response to recovery

Learn, adapt and prioritise

- Develop and test hypotheses around impact on place, services, operations, finances
- Design rapid interventions - implement, test and evaluate
- Learning from the response to lock in the good stuff – reflection on operations, services and the system
- Set priorities and principles – what is the Council's purpose in an uncertain context and where will it focus?

Mitigating the worst case

Consolidate and build resilience

- Ensure that emergency management and response structures are resilient for the long haul
- What is the minimum operating model to deliver this?
- Predict and model demand for social care and assess care market vulnerability
- Contingency plans for structural disruption
- Re-evaluate infrastructure pipeline

Steering towards the best case

Invest in renewal

- Programme of priority-based investment framed by recovery and renewal
- Focus on inequality, community resilience, targeted economic stimulus, skills and employment support and adapting public spaces
- Continued system leadership, pushing for positive reform and resilience

Recovery planning and implementation

Set out below are examples of recovery planning activity that are being considered by councils. This activity needs to align to the Government's recovery strategy and to existing Government priorities such as levelling-up and future proofing against covid related government policy shifts.

Recovery planning	Recovery implementation
Recovery planning strategy and framework development	Recovery plan implementation
Risk assessments, research into which parts of the local economy have been most severely hit and which groups of people will need additional support.	Reviews of long term corporate plans/strategies, place vision, service plans, in context of phased lockdown release
Planning for standing up closed services	Place-based leadership – working with other public services, private and third sector to redefine place
Integrating social distancing into the public realm, eg offering supplies of hand sanitiser and masks. Increased need for digital advertising and awareness raising	Redefining front-line services, council as match-maker, convener and incentiviser as well as service deliverer or commissioner. Removal of internal silos (eg supporting vulnerable families).
Review of supply chain vulnerability	More long-term and strategic partnerships and funding models for third sector
Supporting local businesses evolve to a new normal post-COVID-19 world, including more trading on-line	Re-evaluation of vulnerability, including eligibility criteria. Likely to put in place structures that outlast the crisis, such as provisions to help the homeless and those in gig economy jobs
Providing leadership for longer-term investment and delivery, to support economic recover rather than just focusing on short-term actions	Review and update Local Plan
Reframe capital programme to support economic, social and environmental recovery / sustainability	Reconfiguration of municipal estate and property portfolio and commercial investments
Renewed strategic financial planning and focus on financial management	Emergency planning reviews and learning
Data recognised as core pillar of city resilience, barriers to data collaboration and information governance removed/standardised	Long-term financial sustainability planning
Government monitoring regime on additional funding for councils and covid funding administered by councils	Increase in outcomes based procurement and focus on social value

2019/20 Risk Management Annual Report

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 view the movement of risks during 2019/20;
- ii. that members view the changes and updates to the risk management process as supported by Devon Audit Partnership;
- iii. that members note the plans for further enhancements for Risk Management for 2020/21.
- iv. that members view the summary risk position for current risks.
- v. that members view the 13 risks currently ranked the highest (Appendix A).
- vi. That members endorse the Risk Management Policy 2020, which has been updated to reflect the revised Risk Management Strategy 2020-2025.

The attached report sets out the changes to risk management during 2019/20 and confirms the role of the Audit Committee as per the Council's Risk Management Policy. It further summarises the existing risk position and links to visual reporting of detailed information via Power BI.

Appendix A Shows the top risks at the time of writing this report along with the mitigating actions.

Appendix B Shows the Risk Management overview and reporting schedule for 2020/21.

Mary Davis

Electoral Divisions: All
Local Government Act 1972

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

Background Paper	Date	File Ref
------------------	------	----------

Nil

There are no equality issues associated with this report



devon**audit**partnership

Risk Management

CIR Risk Management
AWARDS 2018
shortlisted

Risk Management

Annual Report for 2019/20

July 2020



Audit Committee

**CUSTOMER
SERVICE
EXCELLENCE**



CSE



Support, Assurance & Innovation

Introduction

The purpose of this report is to summarise the activity around the management of risk in the 2019/20 financial year and outline expectations for risk management in 2020/21.

2019/20 will be remembered as the start of the coronavirus pandemic; this report provides a brief opportunity to update members on the current risk management position, including in the risk mitigating action taken in relation to Covid19.

Devon Audit Partnership (DAP) continues to support and facilitate the development of the Council's Risk Management Framework and Processes. This support is designed to assist members, senior management and staff in identifying risks, recognising and recording the "true" risk, mitigation thereof and promote effective monitoring and reporting of those risks.

Background

The Risk Management Policy includes a description of the Roles and Responsibilities in relation to risk management. In respect of the Audit Committee the wording is shown below.

The Audit Committee is responsible for ensuring that the council's Risk Management process is carried out effectively. It will not normally examine specific risks to objectives in detail but satisfy itself that risks are being monitored appropriately by the risk owner and relevant Scrutiny Committee. The Audit Committee may also consider the "top ten" risks to ensure that action is being taken to mitigate these risks. The Audit Committee will receive bi-annual reports on new "High" risks and other key developments within risk management.

In practical terms this is achieved through the receipt, review and discussion of the Risk Management Reports presented periodically to the Committee, enhanced by the subsequent actions determined by the Committee.

As communicated in previous reports the system used to record risks (the Risk Register) continues to be developed to ensure that risks can be recorded, reviewed and managed and the data used. Furthermore, work continues across the Council to ensure that the data within the risk registers is clear, accurate, relevant and importantly, linked to organisational objectives.

COVID 19 Update

As would be expected there have been further changes to the Risk Register since 1st April 2020 with the additional of further risks, some of which directly link to the COVID 19 Pandemic.

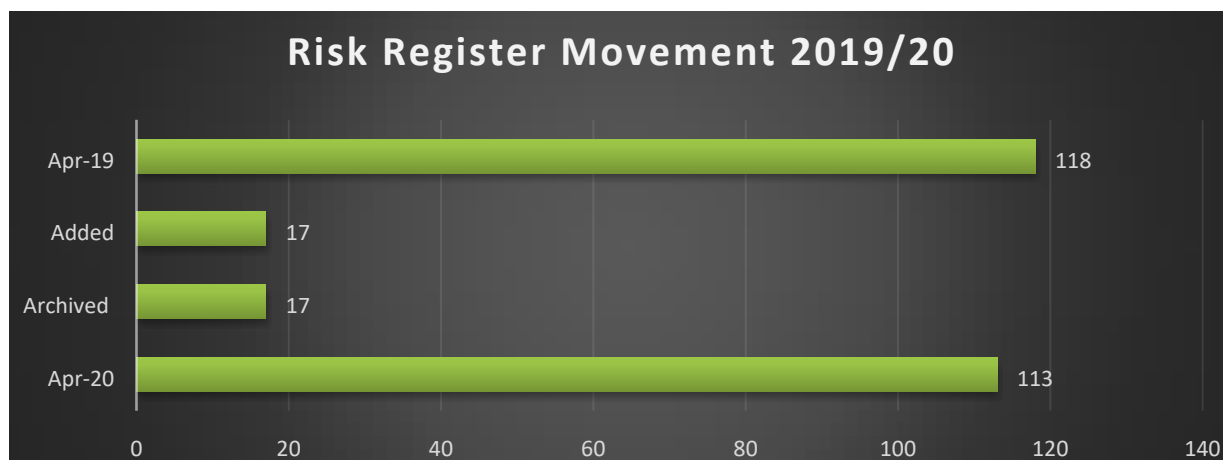
The response to the pandemic impacted on risk management activity for "business as usual" operations, as would be expected, with officers focussing time/resources on responding to the crisis. As a consequence, a higher number of risks have fallen outside of the review expectations within the Risk Management Policy. As at 16th July 2020 (and based on the Current Risk Score) this consisted of 2 Very High, 15 High, 6 Medium and 6 Low; however, it should be noted that this is an improvement on figures from earlier in the Pandemic.

Within the existing risk data there are Circa 60 risks for which Covid has relevance/impact and this ranges from Data Protection and the different ways of working, to Disaster Recovery and Delivery of the Capital Programme. There has also been the addition of specific Covid 19 risks to recognise the challenges it brings to the Council in delivery of services.

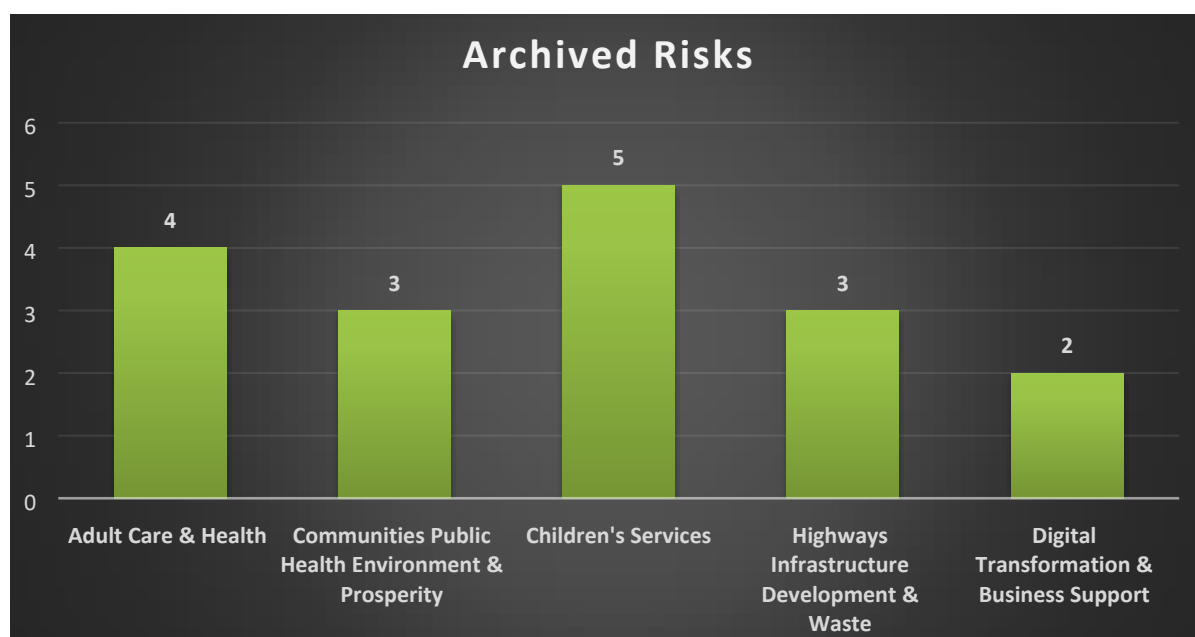
As and when the Council moves to a *Recovery Phase* it is important that normal risk management activity resumes; as it is unlikely that existing risks are no longer relevant, although some will have evolved during the crisis. Therefore, these risks should continue to be managed and mitigated with suitable regularity.

2019/20 Risk Movements

Changes during 19/20 resulted in a net reduction of five risks as per the chart below.



Reasons for archiving risks include; the Current risk score falling below that set in the Risk Management Policy for monitoring, or risks evolving and been replaced by or merged with others. Further information on the risks archived is shown in the chart below.



Further actions, changes and events during the year

Other notable actions and changes linked to risk management during the 2019/20 financial year included:

- Work with service areas and Risk Champions to further develop and populate risks for inclusion on the Risk Register, including presentation at annual Devon Finance Services employee events.
- DCC cross-cutting Risk Management audit completed by Devon Audit Partnership.
- Risk Management presentations given to the Devon Pension Board.
- Regional Risk Management Group - steps taken to create a Regional Risk Register with initial conversations linked to Workforce in the South West.

The management and reporting of risks during 2019/20 continued to evolve and build on the positive culture of expectation around risk information. This led to greater interaction and requests for enhancements, further growing levels of reporting, expectation and overall risks management.

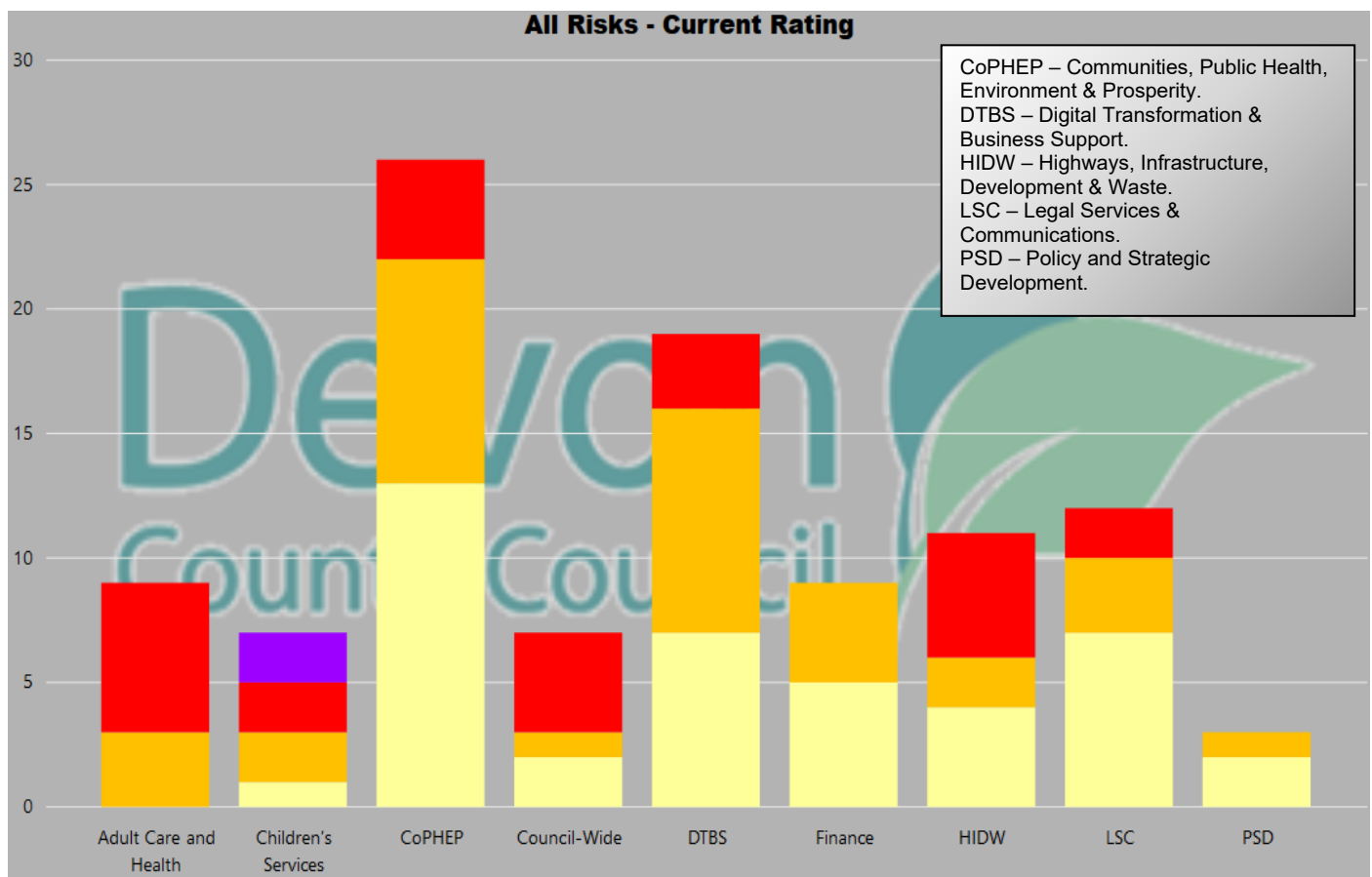
The Council's Risk Management policy has been updated to reflect the Risk Management Strategy 2020-25, both of which were ratified by the Councils Leadership Group in June 2020 and can be provided on request. Any comments on the policy can be sent to

tony.d.rose@devon.gov.uk.

Current Risk Position (July 2020)

There were 106 risks recorded in the Risk Register as at 8th July 2020. Of these, 13 were initially assessed to be Very High; following the application of mitigating controls by management the Current risk score for 10 has been reduced to High and 3 to Medium.

Of the 106 risks, 2 have a Current risk score of Very High, 28 High, 35 Medium and 41 Low. The following chart shows these risks by their Current (Residual) risk score and Service Area.



Summary information for the highest rated risks (based on their Current Risk Score) can be found in the table in Appendix A. The information provided includes a brief description of the risk, the Inherent and Current score, the Responsible and Accountable officers, along with when the risk was last reviewed.

Further more detailed information on the latest position of existing risks can be found using the following link to Power BI Reporting [Power Bi – Current Risk Data](#).

Should any members not have access or require support in using the Power Bi report this can be arranged via the [Risk Management Mailbox](#) or via Tony Rose tony.d.rose@devon.gov.uk.

Most recent risk score changes (July 2020)

The Following table outlines for the Committee the risks where there has been a change in score following the most recent review. This information is shown for risks with a Current Risk rating of Medium or higher.

Risk Title	Inherent score	Current score	Risk Owner	Accountable Officer	Score change since last review
Insufficient capacity of the High Needs Block to meet demand	20: High	24: Very high	Julia Foster	Dawn Stabb	+4
The council fails to meet its statutory market sufficiency requirement for nursing care	20: High	20: High	Tim Golby	Tim Golby	+5
The council fails to meet its statutory market sufficiency requirement for personal care	20: High	20: High	Ian Hobbs	Tim Golby	+4
HR: Health and Safety	30: Very high	16: High	Simon Bates	Jacky Wilson	+4
Deterioration of minor road network due to insufficient maintenance	25: Very high	16: High	Joe Deasy	Meg Booth	-4
Impact of reform of the Intermediaries Legislation (Off-Payroll working in the Public sector)	18: High	15: High	Raymond Rimes	Mary Davis	-3
Brexit (Financial Impact Only)	16: High	12: Medium	Matthew Thorpe	Mary Davis	-4
Waste Growth	12: Medium	12: Medium	Annette Dentith	Meg Booth	-3
Education and Learning Services budget availability	18: High	12: Medium	Damien Jones	Dawn Stabb	-12
Failure to properly implement Impact Assessment in decision making	24: Very high	12: Medium	Jo Hooper	Roland Pyle	+4

Risk Management in 2020/21

Further consolidation and development of Risk Management activity will continue in 2020/21 building on the progress made to date. Future areas of focus will include:

- Supporting the identification of risks linked to the Covid 19 pandemic.
- Updating the format of risk wording (Cause – Event – Impact) – This will allow easier description and wider understanding of risks, along with a greater ability to clearly link the mitigations to the different aspects of each risk.
- Risk Scoring – Continued work to ensure that there is consistency of risk scoring across all areas, in turn allowing easier comparison and prioritisation of risks and response actions.
- Risk Appetite – Work with service areas to develop Risk Appetite Statements for the various areas of the Council, in turn supporting consistent approaches and expectations for risk management.

- Consideration of global, national and regional 'external' risks and their impact on the Council, it's service and population. For example, the World Economic Forum, Global Risks Report 2020 gives the top 5 Global Risks in Terms of Likelihood as Extreme weather, Involuntary migration, Natural disasters, Terrorist attacks and Data fraud or theft. The report gives the top 5 Global Risks in Terms of Impact as Weapons of mass destruction, Extreme weather, Water crises, Natural disasters and Climate action failure.
- Risk information will be provided to Members of the Scrutiny Committees and Audit Committee via Power BI dashboards, which will provide Members with a link to 'live' risk register information.

Risk management activity in 2020/21 will continue to support the enhancement of a positive risk management culture across the Council in line with the policy and strategy.

Supporting Appendices

Appendix A – Risk Register Extract (See also the link above for access to the latest risk register information).

Appendix B – Risk Management Diagram and 2020/21 Reporting Schedule.

Risk Management Policy 2020 (provided separately).

The Risk Management Strategy can be provided on request.

Background Paper

The World Economic Forum, Global Risks Report 2020 referred to above is available at the following location.

<https://www.weforum.org/reports/the-global-risks-report-2020>

Inherent Limitations

The information contained within this report is based on analysis on the risk data produced and maintained by officers from across the Council. Devon Audit Partnership does not own the risks (unless directly linked).

Acknowledgements

We would like to express our thanks and appreciation to all those who provided support and assistance during the preparation of this report and any supporting documents.

Robert Hutchins
Head of Partnership

This table includes an extract of the Highest Rated Current Risks (at the time of compiling this report)

Risk Title	Description	Service area	Inherent score	Current score	Risk Owner	Accountable Officer	Latest review	Change direction
Challenges in recruitment of permanent SW staff and managers (and implications)	Ability to further stabilise and develop workforce impacts on performance improvement and creates financial pressure.	Children's Social Care	16: High	24: Very High	Daryl Freeman	Daryl Freeman	June 2020	↔
Insufficient capacity of the High Needs Block to meet demand	Due to the ongoing HNB deficit budget and changes in the SEND Code of Practice including age range, Element 3 payments to maintained schools, cost of independent sector places and increases in capacity for Special Schools, funding remains insufficient to meet the demand to deliver the statutory requirements, resulting in reduced SEND outcomes for 0-25, reputational damage including fault found by Ombudsman, and legal challenges through SENDIST.	Education and Early Help	20: High	24: Very High	Julia Foster	Dawn Stabb	Mar 2020	↑
Covid 19	The Covid-19 pandemic impacts the delivery of DCC Services including in relation to staff members being unable to perform their usual functions for reasons relating to illness, self-isolation, impact of lock-down restrictions, caring responsibilities, and Council offices being closed - resulting in the functions of the Council and services provided to the Community being reduced. DCC Services may also be impacted by key partners and suppliers being unable to fulfil their roles.	Council Wide	30: Very High	20: High	Leadership Group	leadership Group	July 2020	↔
Covid 19 – Capital Contracts	Disruption to existing service, contract delivery delay, early warning notices under NEC3 for additional time, cost and expense to DCC capital contracts. Lack of staff availability to deliver due to sickness absence.	Highways, Infrastructure Development & Waste	20: High	20: High	Chris Dyer	Meg Booth	Apr 2020	↔
Insufficient staffing capacity to deliver full Public Health Nursing service offer	Insufficient staffing capacity to deliver full Health Visiting and School Nursing Services caused by a national shortage of nurses qualified in these areas and historical factors relating to budget and transferring organisations. This has resulted in a reduced service offer to the local population of Devon, which may have the following impacts: <ul style="list-style-type: none"> • Inability to deliver commissioned service • Inability to deliver the core contacts within the service specification • Reduced continuity of care • Reduction in staff morale • Potential for increased demand for support from clients to other professional partners • Potential for reputational damage • Potential adverse impact to the CQC domain of Leadership, Safety, Caring, Responsiveness and Effectiveness. 	Public Health Nursing	25: Very High	20: High	Julie Wilcockson	Kate Stephens	Apr 2020	↔
Climate Change	<p>Cause: Climate change is projected to increase global temperatures by 1.5 degree Celsius as a minimum. Two to three degrees is likely based on the present level of international commitments to halt greenhouse gas emissions. Impacts for Devon include potential sea-level rise of 90cm by the end of the 21st century, current extremes of weather becoming the norm, greater flooding risk and impacts on biodiversity that could lead to a reduction in natural services such as pollination.</p> <p>Event: In Devon, this will lead to up to 1m sea level rise; drier, hotter summers; warmer, wetter winters; and more intense storm events.</p> <p>Impacts:</p> <ul style="list-style-type: none"> • Health – Increased heat-related morbidity, vector-borne disease, mental health issues • Reputation – DCC is being looked to as a community leader. 25% of local authorities have now declared climate emergencies. • Legal – There is no direct legal requirement on the authority to reduce carbon emissions or adapt to climate change, but not acting will make it more difficult to meet other legal requirements due to the impact of climate change on our services and infrastructure. • Financial – The Stern Review identifies the cost of climate change to the global economy to be 5% - 20% per year. The costs of mitigating the worst effects can be delivered for just 1% of GDP. • Performance Standards – Climate change will affect many of the council's performance standards. • Stakeholders – Climate change will affect all of the authority's stakeholders and partners. • Service Users – Climate change will affect all of DCC's services and its service users. 	Planning, Transport and Environment	30: Very High	20: High	Doug Eltham	Dave Black	Apr 2020	↔

This table includes an extract of the Highest Rated Current Risks (at the time of compiling this report)

Risk Title	Description	Service area	Inherent score	Current score	Risk Owner	Accountable Officer	Latest review	Change direction
Brexit - The UK's exit from the European Union results in pressures which directly impact the Council's delivery of services	<p>Cause: Referendum Decision to Leave the EU.</p> <p>Event: New arrangements need to be agreed for the relationship between the UK and the EU from 01st January 2021.</p> <p>Impacts:</p> <p><i>No agreement.</i></p> <ul style="list-style-type: none"> • Return to WTO Rules, reduced trading. • Return to WTO Rules, increased cost of trading. • Increased uncertainty on employment and residency for EU citizens. • Decrease in labour market availability to support care needs. • Impacts on supplies of food, fuel and medicine. • Civil disorder and disobedience. • Increased demand for services. • Reduced capacity to provide services. <p><i>Brexit with Deal.</i></p> <ul style="list-style-type: none"> • Additional work to ensure future compliance with EU Rules and Regulations that may still be in force or require adherence to for specific activities. • Increased costs to ensure compliance with all future legislation. <p>Both</p> <ul style="list-style-type: none"> • Increased costs due to lost funding to EU funded programmes, including economic growth and regeneration, employment, environmental protection, research and development • Impact on local business / population and knock on effect to areas such as business rates and council tax • Greater pressure on labour markets if EU nationals are not available to fill posts <p>The full implications for Devon County Council from the UK leaving the EU are not yet known or understood, causing uncertainty in Council business, planning, and service delivery</p> <p>There is also the potential for opportunities where regulation changes</p>	Council-wide Policy and Strategic Development	20: High	20: High	Keri Denton	Leadership Group	Mar 2020	↔
BI21 - Successful Cyber Attack	Successful Cyber Attack on the Authority.	Digital Transformation and Business Support	30: Very High	20: High	Martin Lawrence	Gary Dempster	Apr 2020	↔
HTM2: Lack of capacity or capability to respond effectively to highway safety related issues	Potential for fatal and severe accidents to citizens due to lack of effective and timely repair or replacement of highway assets. This could be brought about by deteriorating highway condition, inability to meet policy level of service, inadequate procedures or poor staff/contract performance.	Highways and Traffic	24: Very High	20: High	Joe Deasy	Meg Booth	June 2020	↔
HTM3: Lack of capacity or capability to effectively respond to extreme weather events	Flooding, obstruction and structural damage to the highway or other transport infrastructure affecting citizens and property causing traffic disruption, economic and health impacts.	Highways and Traffic	24: Very High	20: High	Joe Deasy	Meg Booth	July 2020	↔
TG20: The council fails to meet its statutory market sufficiency requirement for nursing care	<p>Cause: Insufficient availability of nursing care supply in certain parts of the County.</p> <p>Event: Inability to secure nursing home placements close to home.</p> <p>Impact: In certain circumstances people are being placed in nursing homes outside of their local communities away from family and friends. People are being delayed in hospital whilst nursing home placements are being sourced contributing to whole system pressures. Placements being procured at higher cost due to sufficiency and demand pressures.</p>	Adult Commissioning and Health	20: High	20: High	Tim Golby	Tim Golby	Jan 2020	↑
TG11: The council fails to meet its statutory market sufficiency requirement for personal care	<p>Cause: Lack of available service capacity due to inability to secure sufficiency of personal care supply in certain parts of the County.</p> <p>Event: Inability of Prime and other providers to recruit and retain appropriately qualified care workers to meet demand for personal care services in certain parts of the County.</p> <p>Impact: In certain circumstances people are at home with inappropriate levels of personal care support to meet their needs, which may include reliance on family and friends. People are delayed in hospital whilst care packages are sourced to support safe discharge contributing to whole system pressures. More costly alternatives are being secured, e.g. short-term residential placements, to support people safely.</p>	Adult Commissioning and Health	20: High	20: High	Ian Hobbs	Tim Golby	Jan 2020	↑

This table includes an extract of the Highest Rated Current Risks (at the time of compiling this report)

Risk Title	Description	Service area	Inherent score	Current score	Risk Owner	Accountable Officer	Latest review	Change direction
Prevention and Detection of Fraud	<p>Cause/s</p> <ul style="list-style-type: none"> • The Covid19 Pandemic has put considerable pressure on council staff to respond to immediate request for financial assistance – The figures involved are considerable, running into many millions. • A need to do things quickly leads to them being done poorly. • Lack of or poorly designed and implemented management practices/processes. • Providers, clients and / or staff deliberately updating or providing fraudulent data/information. • Coercion and challenging personal circumstance. <p>Event: Fraud and/or corruption</p> <p>Impact/s</p> <ul style="list-style-type: none"> • Significant Financial Loss. • Reputational Damage. • Reduced Delivery of services. • Legal action. 	Council-wide Devon Finance Services	18: High	20: High	Ken Johnson	Rob Hutchins	June 2020	↔

Details on the controls and mitigations planned or in place for the risks show above can be found on the following pages.

Risk Mitigations (RAG rated as per the Risk Register Entry)

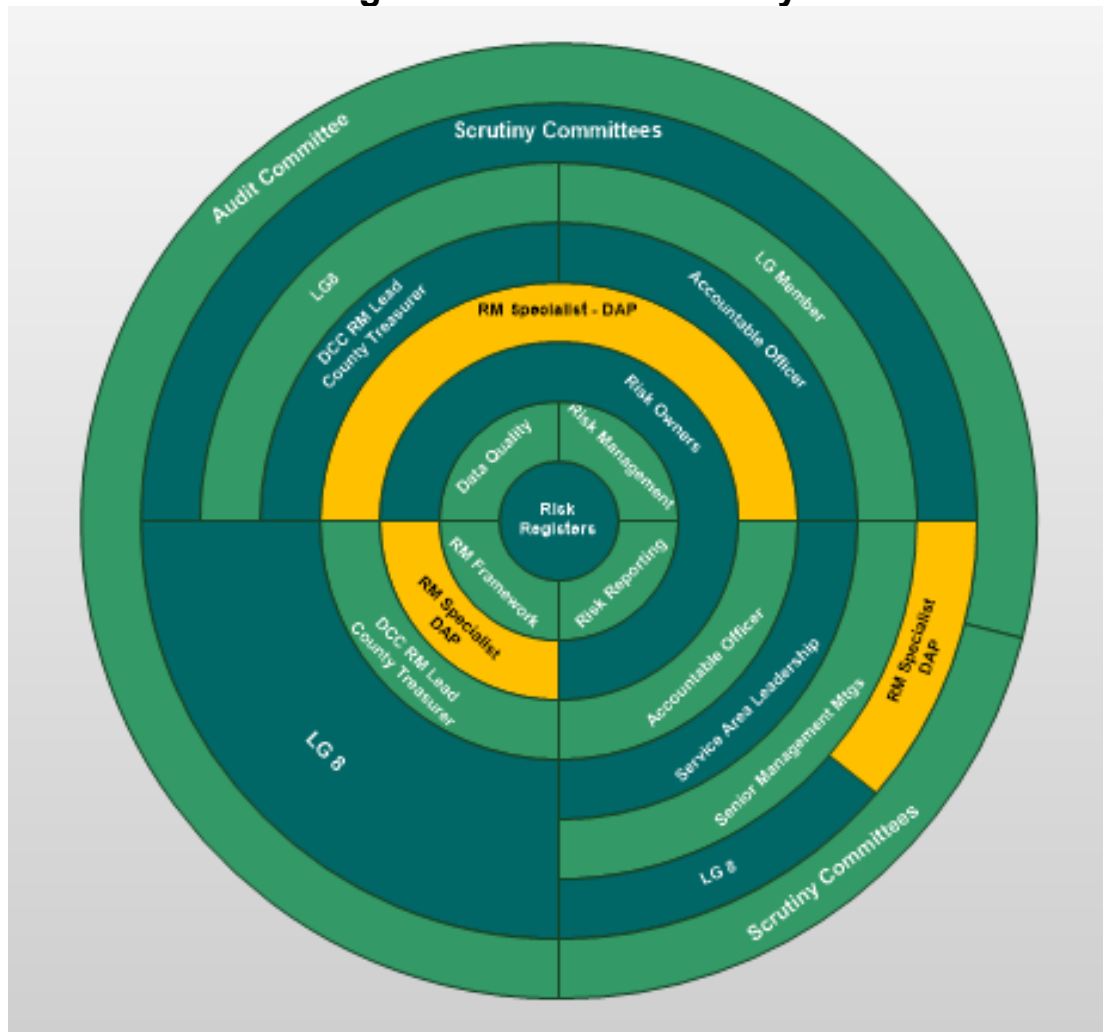
The table below outlines the mitigations recorded against the risks identified above. Each mitigation has been rated as Red, Amber, Green or Completed by the owner of the action.

Page 44	Risk Title	Current Risk Score	Controls and Mitigations										
	Challenges in recruitment of permanent SW staff and managers (and implications)	24: Very High	Green	Comprehensive approaches to recruitment.	Green	Retention and workforce development.	Completed	Review of Overseas Recruitment.	Amber	Exit from MOU in exceptional circumstances agreed.	Green	Develop a clear career progression scheme for social workers.	
	Insufficient capacity of the High Needs Block to meet demand	24: Very High	Amber	A reduction in placements in the Independent sector, (management action has set a target to reduce by 40), achievement of this target is adversely affected by statutory protection given to parental preference. This is not being achieved - more and more demand for specialist placements exists - all maintained special schools places are full as of August 2018. Mitigating control is now looking at cost management in this sector.		Green	Quality assurance of provision and strategic market management. Good QA processes in place - recently confirmed in Independent review of EHCP policy and process.		Completed	Capping of element 3 payments, Practice is implemented in mainstream schools, completion date of Dec 2018 planned.		Completed	Increased capacity in maintained special schools. Forward plans proposed in SEN Strategic Review, additional capacity added over 130 places in last two years.
			Amber	New Special School settings to be agreed Free school (Glendinning House) start date postponed by DfE to Sep 2020 New school (ACE Tiverton) agreed opening Sep 2019 with additional 30 places rising to 72 over next three years.		Amber	Cost analysis of Independent sector placements to achieve value for money in contracts with providers. Block contracting arrangements with preferred providers under discussion in Summer 2019.		Amber	Review of options for specialist units in mainstream schools to avoid Independent placements.		Amber	HNB Task Group looking at moderation and consistent models of funding independent placements.

Risk Title	Current Risk Score	Controls and Mitigations																		
Covid 19	20 High	Green	The situation is being monitored at the highest levels within the Council and through the Pandemic Incident Management team (PIMT).				Green	Support to Council employees, through HR advice, Employee Assistance Programme etc. Remote and home-working capabilities in place.			Green	Support to key suppliers through temporary fee uplifts (Adult Social Care) and via the PPN02 process.			Green	Payments of grants to organisations and District Councils.				
		Green	Council colleagues assisting with the prevention and recovery effort.				Green	Internal and external communications to confirm Government advice and local support.			Green	Liaison with central Government and delivery in conjunction with Devon District Councils.			Green	Provision of PPE to relevant front-line colleagues.				
		Completed	PIMT and SIMT Structure for Response.				Amber	Formation of Recovery Group.			Green	Creation of Local Outbreak Management Plans and associated Strategic, Tactical and Operational Structure.								
Covid -19 – Capital Contracts	20: High	Amber	Reduce exposure by limiting face to face contact.																	
Insufficient staffing capacity to deliver full Public Health Nursing service offer	20: High	Amber	Use information from midwife to determine level of service. Prioritise new birth visits and escalate / increase as required.	Green	Continue with rolling recruitment process.	Green	Ensure staff have the right skills and support to deliver safe, evidence-based practice.	Amber	Continuous Demand and Capacity reviews with adjustment of staffing levels across the county as required to ensure equity of service.	Green	Provision of Website; Chat Health texting service and clinicians telephone access We have extended use of telephone and video consultation during Covid 19 pandemic. It is likely that the most effective of these will be retained post CV19.			Green	Use of vulnerable children's list as a means of cross-checking vulnerability, and collaboration with Children's Centres.					
Climate Change	20: High	Amber	Operation of a corporate Environmental Policy and Performance system which provides a process for individual services to review the risks to them from climate change.				Amber	Use of corporate Impact Assessment process when developing policies, projects and programmes.			Amber	The Devon Climate Emergency project which is bringing together over 25 organisations to prepare a Devon Carbon Plan (by a Net-Zero Task Force) with community input and developing a Devon Adaptation Plan (by the Climate Impacts Group).								
Brexit - The UK's exit from the European Union results in pressures which directly impact the Council's delivery of services	20: High	Green	Establish a Devon County Council Brexit website for key messages and signposting. Continue communications to DCC Members, staff, and Trade Unions.				Green	Continue to engage with MHCLG via the Chief Executives' regional communications network for the South West.			Green	Update, revise, prepare and publish business and service continuity plans.		Green	Support DCC staff who are EU citizens to register through the Government's EU Settlement Scheme.					
		Green	Participation in the Heart of the South West Resilience and Opportunities Group to help business and communities.			Amber	Responding to the Government's forthcoming and long-awaited consultation on the UK Shared Prosperity Fund.			Green	Situation reporting template available for DCC service leads to enable reporting to the Cornwall and Devon Local Resilience Forum.		Completed	At its meeting on 25 July 2019, the full Council considered a report from the Cabinet Member for Economy and Skills on the impacts of, and preparation for Brexit.						
BI21 - Successful Cyber Attack	20: High	Green	Annual PSN Compliance process.		Green	Business Continuity Planning.		Amber	Disaster Recovery Plan.		Amber	Communication and Reporting.								
		Amber	Policy and Guidance.		Green	Training and awareness.		Green	New cyber security platform rolled out.											
HTM2: Lack of capacity or capability to respond effectively to highway safety related issues	20: High	Green	Highway Monitoring.		Amber	Safety repairs.		Green	Programme flexibility.		Green	Staff training and audit procedures.		Amber	Highway serviceability repairs.					
HTM3: Lack of capacity or capability to effectively respond to extreme weather events	20: High	Green	Highway Monitoring. Systems in place for public and staff reporting. Term contractor available to resource and respond. safety inspection cycle to identify repairs.			Green	Regularly review and update Winter Service and Emergency Plan to ensure risks from severe weather are well managed.		Green	Timely planning, programming and delivery of drainage and structural works to address damage on the network.		Green	Preparedness. Ensuring processes and procedures are in place to be proactive in response thereby reducing the effect of severe weather damage.		Amber	Regularly review Asset Management approach to ensure that damage repairs and reactive action are prioritised with regard to impact on economy and traffic usage.		Amber	Availability of resources.	
TG20: The council fails to meet its	20: High	Green	Improving relationship with the market via engagement			Amber	Nursing homes sufficiency and needs analysis underway to		Amber	Workforce development programme being extended to private sector		Amber	Joint quality assurance with NHS.		Amber	Bed Bureau development at locality level.				

Risk Title	Current Risk Score	Controls and Mitigations														
statutory market sufficiency requirement for nursing care			approach to address the issue jointly.		ensure we fully understand the gaps.			focussed on recruitment and retention of registered nurses.								
TG11: The council fails to meet its statutory market sufficiency requirement for personal care	20: High	Amber	New Living Well at Home Contract let jointly with NHS has largely secured sufficiency in Northern/Mid Devon and parts of West Devon.	Amber	Performance monitoring of contract maintains high vigilance and actions.	Green	Weekly whole system escalation call. manages risk and agrees actions.		Amber	Strength based approach to reduce demand.		Green	Rigorous review and prioritisation of people waiting for care ensures appropriate contingencies are in place to ensure safety.		Amber	Work with providers to address capacity issues.
Prevention and Detection of Fraud	20: High	Amber	Ongoing application of internal controls, and reviews by Internal Audit of higher risk areas and their controls.	Amber	Audit Assistance with immediate issues, requiring urgent processing outside of normal arrangements.		Amber	Guidance to staff to obtain assurance from 3rd parties that funds will be used for the intended purpose – with the ability for future audit and verification.				Amber	Review and update of internal processes.		Amber	Update Anti-Fraud, Bribery and Corruption Policy.
		Amber	Random Sampling - Is a targeted fraud detection and measurement exercise programme. The purpose of Random Sampling is twofold. Firstly, it is to test by investigating potentially high-risk areas of spend to see if there are undetected losses in those areas. Secondly, Random Sampling is used to broaden the range of estimated losses known by measuring new areas, and to determine the likely extent of those losses.				Amber	Proactive use of DAP Counter Fraud services.		Green	Wider training on fraud awareness and eLearning.		Amber	Compulsory eLearning for managers.	Green	Create a separate Anti-Fraud, Bribery and Corruption Strategy and Response Plan so that everyone’s responsibility and duty is made clear.

Risk Management in Devon County Council



Leadership Group

The schedule for reporting to the Leadership Group is based on the provision of information prior to drafting reports to Members, along with regular updates during the year, ideally at least quarterly.

In year update reporting the Leadership Group will contain information on the position of risks at that time along with relevant background and detailed actions linked to the further enhancement of Risk Management across the Council.

The Annual Report will highlight changes that have taken place in the previous year, detail the risk position at that point in time and make note of future plans for the development of Risk Management.

Member Committees

The reporting schedule for Member Committees takes the form of in-year update papers provided to Scrutiny Committee Members, which will continue to further utilise Power BI reporting capability. These papers will focus on relevant risks for that area.

Reporting to the Audit Committee comprises an Annual Report and one in-year update (mid-year report). These reports will focus on the overall risk management process and identify the highest rated risks at that point in time.

The reports to the Audit committee will normally follow the timeline for reporting to the Councils Leadership Group.

2019/20 Internal Audit Annual Report

Report of the County Treasurer

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

Recommendations:

- i. that the Committee reviews and notes the overall assurance opinion.
- ii. that members review and consider the performance of Devon Audit Partnership during the year.
- iii. that members review and consider the outcomes of the work completed.
- iv. that members review and note the ongoing commitment to counter fraud activities.

The key objective of Internal Audit is to provide assurance to Members, Leadership Group 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.

The attached report provides the end of year opinion of the Council's Internal Audit Service (Devon Audit Partnership) and describes the progress against the internal audit plans for 2019/20 that were approved by the Audit Committee in March 2019.

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>
Nil		

There are no equality issues associated with this report.

Internal Audit

Audit Committee

Internal Audit Annual Report
2019/20

Devon County Council

Page 51

July 2020
Official



Auditing for achievement

Introduction

This report provides a summary of the performance against the internal audit plan for the 2019/20 financial year, highlighting the key areas of work undertaken, summarises our main findings and recommendations aimed at improving controls, and provides our overall annual assurance opinion.

The key objectives of the Devon Audit Partnership (DAP) have been to provide assurance to senior management and members over the adequacy, security and effectiveness of the systems and controls operating within the Council and to provide advice and assurance to managers and staff.

The Internal Audit plan for 2019/20 was presented to and approved by the Audit Committee in March 2019. The following report and appendices set out the year end position; reviews work undertaken in 2019/20 and provides an opinion on the overall adequacy and effectiveness of the 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 on the progress towards that opinion.

The level of risk associated with each of the areas in Appendix 1 has been determined either from the Local Authority's Strategic / Operational Risk Register, or the Audit Needs Assessment. Where the audit was undertaken at the request of client, it has not been risk assessed. Assurance and recommendations should be considered in light of these risk levels and the impact this has on achievement of corporate / service goals.

Expectations of the Audit Committee from this annual report are

Audit Committee are requested to consider:

- the assurance statement within this report;
- the completion of audit work against the plan;
- the scope and opportunity of audit to complete the audit work;
- audit findings provided;
- the overall performance and customer satisfaction on audit delivery.

In review of the above, the Audit Committee should consider the assurance provided alongside that of the Executive, Corporate Risk Management and external assurance including that of External Audit, and satisfy themselves from this assurance that the internal control framework continues to be maintained at an adequate level to mitigate risks and in turn agree the Annual Governance Statement.

Contents	Page
Introduction	1
Audit Assurance Statement	2
Value Added	3
Progress Against Plan	3
Summary Assurance Opinions	4
Fraud Prevention and Detection	5
Customer Value	6
Appendices	
1 – Summary of Audit Report & Findings	7
2 – Audit Authority	24
3 – Annual Governance Framework	25
4 – Basis for Opinion	26
5 – Customer Service Results	27
2 – Confidentiality	28
3 – Definitions	29

Audit Assurance Statement

Overall, based on work performed during 2019/20 and our experience from the previous year's audit, the Head of Internal Audit's Opinion is of "Substantial Assurance" on the adequacy and effectiveness of the internal control framework within the County Council

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

Where weaknesses have been identified management have agreed these findings and have either agreed the recommendations or accepted the associated risks. Where management actions have been agreed, as appropriate we shall undertake follow up work to ensure that the identified risks have been mitigated

Leadership have been provided with details of Internal Audit's opinion on each audit review carried out in 2019/20. All audit reports include an action plan which identifies responsible officers, and target dates, to address control issues identified during a review. If significant weaknesses have been identified in specific areas, these will need to be considered by the Authority in preparing its Annual Governance Statement for the Statement of Accounts for 2019/20.

Covid-19 Statement

Covid-19 measures have resulted in a significant level of challenge to the Council and put pressure on the expected control environment; the need for prompt and urgent action by officers has required changes to some procedures and control arrangements. The level of impact this had in 2019/20, and continues to have in 2020/21, is changing as the situation develops. In respect of this annual report it has not been possible to fully quantify the additional risk that may have arisen from such emergency and short-term measures or fully determine the overall impact on the framework of governance, risk management and control.

We will continue to offer advice and support as needed and aim to flexible in supporting the service at this challenging time.

This statement of opinion is underpinned by our consideration of:



Full Assurance	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.
Substantial Assurance	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.
Limited Assurance	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.
No Assurance	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.

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.

We trust that officers have found our engagement, support as a “trusted advisor” effective and constructive in these significantly changing times.

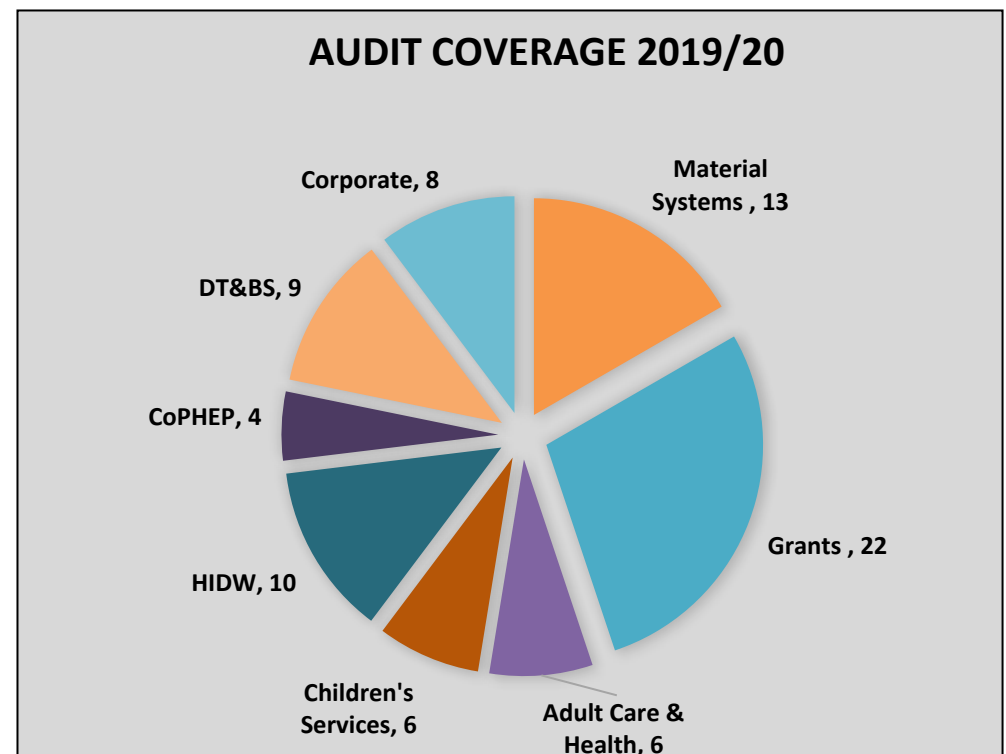
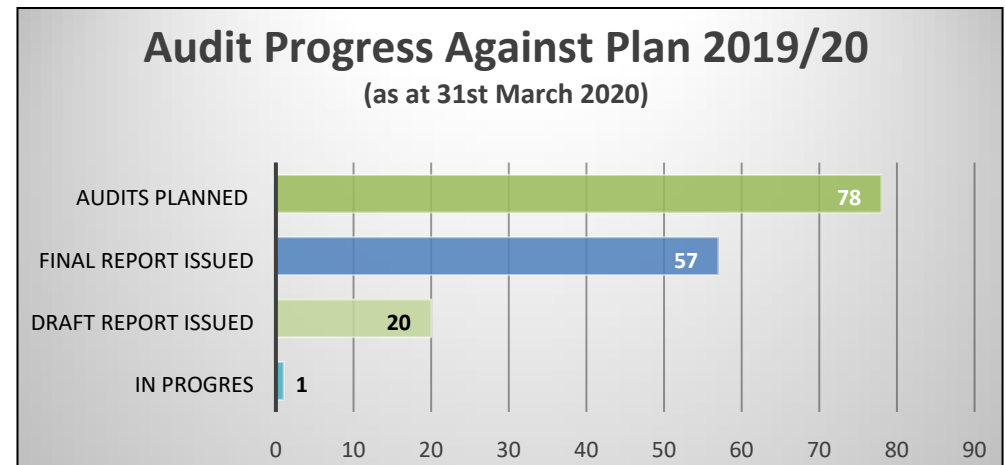
Progress Against Plan

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 internal control environment and summarises the performance of the Internal Audit function against its performance measures and other criteria.

The bar chart opposite shows delivery of the plan. The pie chart shows the areas in which audit work was undertaken.

Progress has also included completion of work from 2018/19 necessarily spanning year end, undertaking follow up audits on areas where significant findings were made in the previous year and reporting to committee thereon, and progressing assignments in accordance with timescales agreed with management.

A table showing the status of planned audits and their associated reported executive summaries is shown at Appendix A. In addition to the year's planned work, consultancy and advice continues to be provided as required.



Summary Assurance Opinions

Page 55

Page 55	Summary of key audit reviews	Service Area Overview of Audit Coverage											Major Projects	Value Added			
		Adult Social Care and Health			Children's Services			Communities, Public Health, Environment & Prosperity (CoPHEP)			Highways, Infrastructure Development and Waste						
		Workforce Strategy / Recruitment			Regional Adoption Agency			Libraries - Review of Contract Arrangements			Maintenance Contract			HR Management System	Tax Compliance Forum		
		Revised arrangements around Personal Care			Management Information Team: CareFirst to Eclipse						Cost Control (Delivery of capital projects)						
		Continuing Health Care (CHC)			Fostering (Narey/ Fostering Network Reports) - Recommendation Compliance			Greater Exeter Strategic Plan (GESP)			Skanska- Review of contract reconciliation (Year 1)						
		Technology Enabled Care Support (TECS) Follow Up			Continuing Health Care			Domestic and Sexual Violence and Abuse (DSVA)			Whole Life Asset Costs			Online Payments Gateway	National Fraud Initiative		
					Insourcing Plans						Highways – Well maintained highways infrastructure						
		Direct Payments			Contracting & Placements			Primary Authority - Trading Standards			Waste - Savings Sharing Scheme						
											Data Breaches			Advice			
		Living Well at Home (LWAH) Follow Up			Schools & Schools Financial Value Standard						Street Lighting system				Audit Follow Up		
Core Assurance	Business Processes & Governance			Health & Safety Governance		HR: ITrent Data Migration		HR: ITrent – HRMS Project		GDPR Follow Up		Grant Certification					
	Key Financial Systems		ICT - Key Financial Systems	Payroll (2019/20)	Main Accounting System	Creditors	Bank Rec - County Fund	Finest System Administration		Treasury Management		Creditors (Order's Issue)	Fixed Asset Register	Income Collection (19/20) review		Debtors	Bank Reconciliation
	ICT	ScoMIS Contract Management (FU)	CareFirst OLM (FU)	Data Protection & Cyber (Malware Focus)		ICT Roadmap	Data Storage	Adoption and Change (FU)		Cyber non-technical (FU)			Digital Platform		Procurement: Resilience significant / strategic suppliers		
Assurance opinions are 'RAG' rated to support the overall assurance opinion for the year. The ratings are relevant at the time of the audit review and assurance may have improved since that time.																	

Fraud Prevention and Detection

Counter-fraud arrangements are a high priority for the Council and assist in the protection of public funds and accountability. The Cabinet Office runs a national data matching exercise, The National Fraud Initiative (NFI), every two years. For the 2018/19 exercise, DAP co-ordinated the extract of relevant Council datasets, as defined by the Cabinet Office. Departments supplied their datasets (and these were uploaded onto the NFI secure website in October 2018 in accordance with the NFI timetable. The subsequent matching reports were received back from the Cabinet Office in February 2019 and departments have been reviewing the matches throughout 2019/20.

During 2019/20 financial year, Internal Audit has been made aware of 51 possible irregularities. Analysis of the types of investigation and the number undertaken is shown in the Table below.

Directorate	Totals	Employee Conduct	Theft of I.T.	IT Misuse	Theft	Poor Procedures	Financial Irregularities	Misuse Council Assets & Facilities	Referred - Counter Fraud
Adult Care & Health	19	7	10	1	1				
Children's Services	16	1	7			3	1	1	3
Communities, Public Health, Environment & Prosperity (CoPHEP)	3		1	2					
County Treasurer	4	1		1		1			1
Digital Transformation & Business Support	2		2						
Highways, Infrastructure Development & Waste	4	1	1			2			
Legal, Human Resources & Communications	3	1				2			
	51	11	21	4	1	8	1	1	4

Active Counter Fraud Investigations

In May 2018 Devon Audit Partnership gained the Counter Fraud Services Team. The team offer a full and comprehensive investigation service and have carried out proactive and reactive investigation work for Devon.

Customer Value

Customer Service Excellence

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 98% 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.

Added Value

We have had some very complimentary feedback of where our team have been able to add value to the Council these may be found upon our webpage.

Inherent Limitations

The opinions contained within this report are based on our examination of restricted samples of transactions / records and our discussions with officers responsible for the processes reviewed.

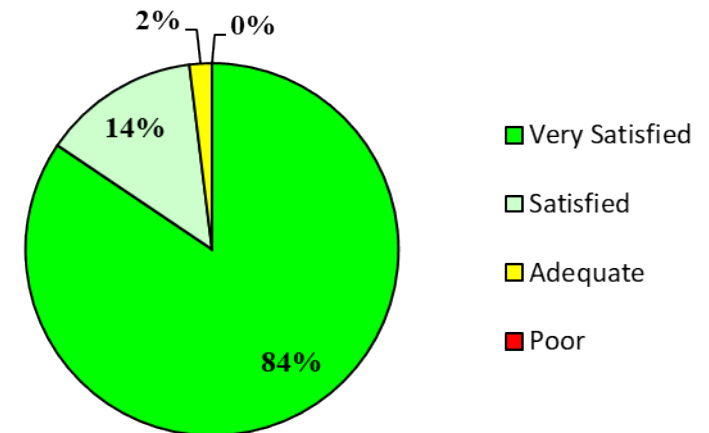
Acknowledgements

We would like to express our thanks and appreciation to all those who provided support and assistance during the course of the audits.

Robert Hutchins

Head of Audit Partnership

Analysis of Customer Survey Results 2019-20





Assurance Opinion and Extract Executive Summaries – up to 31 March 2020




Appendix I





Risk Assessment Key





ANA - Audit Needs Assessment risk level




Client Request - no risk assessment information available


Risk Area / Audit Entity	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Adult Social Care and Health			
Workforce Strategy / Recruitment (ANA – Medium)	Good standard Report Status: Draft	<p>The creation of a Peripatetic Team has had a mixed impact, but a number of benefits have been realised which have positively impacted on quality of the Service. The use of agency personnel has significantly reduced the “increased workload” cover between 2018/19 and 2019/20, but there has been a significant increase for “sickness absence” cover.</p> <p>All requests for short terms staff needs should be directed through the Peri Team, to enable them to capture the management information needed to inform strategic decision making and planning for the future direction of the Service.</p>	
Revised arrangements around Personal Care (ANA – Medium)	Good standard Report Status: Draft	<p>Due to the onset of COVID-19, and the impact on the service area, our audit work was bought to a close before the planned programme of testing was completed, therefore our work must be viewed with that in mind. We aim to combine outstanding testing with future planned work as necessary and as the authority returns to normality in respect of daily operations.</p> <p>Leading up to the novation of the Domiciliary Care Contract the Council and provider worked together to identify the individual providers, following which a number of events were held to inform them of the new ways of working, and to identify and resolve any issues they may have had.</p> <p>Our review relating to the novation process confirmed due diligence was undertaken in respect of sub-contractors in order that work could be transferred over to the Council on 17th December 2019. All Staff were transferred successfully, with appropriate levels of support available to them and new processes were put in place to ensure the work was able to be handled well by the DCC brokerage staff at the point of transition.</p> <p>With the termination of the overarching provider contract the task of brokerage passed back to the Council. Brokerage Operational Tool (BOT) is used to source and arrange packages of care. The BOT was built in-house; it has since been adapted and enhanced to accommodate the additional work resulting from the contract being bought in house, and reports compiled from system data allow management to have insight into current performance, which has improved the service. However, despite being designed and build by the Council is not supported by IT</p>	

Risk Area / Audit Entity	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
		making it difficult to further develop the tool. A decision is required on whether support will be put into place or an alternative solution is to be found.	
Continuing Health Care (CHC) (ANA – Medium)	Improvements Required Report Status: Final	Continuing Health Care (CHC) is a package of care provided outside of hospital but arranged and funded solely by the NHS; it is for individuals aged 18 years and older who have significant ongoing healthcare needs. This audit was targeted to specific areas and we have found that there is evidence to show that assessments are improving and being completed more promptly. This evidence is, however, not strong in all areas where there is incomplete information. We have identified that management, monitoring and control needs improvement around: <ul style="list-style-type: none"> the number of formal disputes and time taken to resolve disputes reduced; analysis of spend on CHC and joint packages of care, and comparison with other LAs / CCGs; reporting systems around activity in relation to CHC are sufficient to assure the LA of its compliance with legal limits. Management have agreed an action plan to address these and other issues.	
Direct Payment (ANA – Medium)	Improvements Required Report Status: Final	There were many good processes in operation to monitor and report on direct payments for Adults, however, we did also identify some areas of concern. There is good evidence to confirm that surplus balances are recovered in the South and East Teams were high, but this was not the case in the North. Furthermore: - <ul style="list-style-type: none"> care assessments were not being completed annually as required (Care Management Team), there is a potential loss of income as identified clients are not consistently referred for a financial assessment (Charging for Care Team), there were inconsistencies with documentation filing and storage and an increased cost due to the rising number of managed accounts. 	
The following audit Follow-up reviews were undertaken, and reports were issued with revised Assurance Opinions where applicable:			
Technology Enabled Care Support (TECS) Follow Up	Good Standard Report Status: Final	A considerable amount of work has been completed to improve guidance and processes, with the majority of recommendations completed. Other improvements have also been made and evidence provided to support the responses, resulting in an upgraded assurance opinion to Good Standard.	

Risk Area / Audit Entity	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Living Well at Home (LWAH) Follow Up	Improvements Required Report Status: Final	Our initial report made several recommendations relating to the prime provider; as such, and in line with work undertaken by the service area, the primary function was to be moved back to Council direct management from 11th November 2019. This was underpinned by a number of work streams to identify a 'leaner' way of working. The assurance opinion remained as Improvements Required at the time, but further work was carried out later in the year to look at the transfer of service (See Revised Arrangements for Personal Care above) which resulted in an Assurance Opinion of Good Standard.	
Children's Services			
Regional Adoption Agency (ANA – Medium)	Improvements Required Report Status: Final	Our work objective was to help Adopt South West (ASW) bring together it's priorities and help become 'excellent' over the coming years. As with any new organisation it takes time for processes and systems to settle and become efficient and effective. This is even more apparent where the new organisation brings together staff from differing established and embedded arrangements. We were pleased to find that, whilst some challenges are not yet fully overcome, ASW are working well towards resolving. Key areas for attention were identified as: <ul style="list-style-type: none"> developing and using Risk Management as a management tool to focus on priority matters; implementing an effective and resourced plan to resolve the data accuracy issues; developing reporting so that timely performance information can be efficiently produced and used; finalising a marketing strategy to attract new adoptive parents. 	
Insourcing Plans (PH Nursing, Short Breaks, Rehabilitation Officers for Visually Impaired Children's Services (ROVICS), Portage) (ANA – High)	Good Standard Report Status: Draft	Whilst there were a number of issues in this process many of these were outside of the control of the Council, arising from the initial lack of engagement by the contractor. The Service has responded well to the challenges and issues faced, with mitigations put in place to minimise exposure to risk. The project was well structured and delivered on time, moving into Business as Usual in July 2019. The Project Closure report included lessons learnt from which an action plan was drafted to take lessons forward.	
Contracting & Placements (ANA – Medium)	High Standard Report Status: Draft	Procurement and contracting arrangements for children's services were considered to be sound and in compliance with the Council's Constitution, Code of Business Conduct and PBR 2015. Contracts are monitored throughout their life and the information gathered from reviews, together with need's analysis, are used to identify future demand, and inform future commissioning and procurement plans. There are clear processes for placing a child; detailed records are maintained of all placement costs with High Cost Packages recorded separately on a register.	

Risk Area / Audit Entity	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Continuing Health Care (ANA – Low)	Improvements Required Report Status: Draft	<p>Review of the "Individual Children's Commissioning Policy", (ICCP), found it to be primarily in line with the Department of Health - National Framework for Children and Young People's Continuing Care (2016). We recommended amendment to provide greater transparency in relation to funding thresholds, and the levels which the CCG use when making funding decisions. We were unable to form a view on compliance with the National Framework due to the incomplete audit trail maintained by the Council.</p> <p>Our review included a case study on a specific child with significant care needs and a very high annual cost. We confirmed an unexplained reduction in the level of CCG funding which resulted in an increased pressure on the children social care budget of over £250,000. The service area has investigated this further and is in the process of recovering the underfunding from the CCG.</p>	
Children's Services Management Information Team: CareFirst to Eclipse, Data Quality - controls / validity (ANA – Medium)	Good Standard Report Status: Draft	<p>Our review of the implementation of the Eclipse System confirmed that there were implementation phases of the project where lessons should be learned for future schemes. It is important to note that Devon was the first Local Authority to go-live with Eclipse and therefore, the risk of significant issues arising was greater. It is clear that the provider was not realistic about the stage that their product development had reached.</p> <p>The timelines stated in business case were optimistic for a project of this complexity and size and the project closed too quickly with business returning to normal within weeks.</p> <p>Post go-live there was a delay in setting up the Mobilization Board to address emerging issues and formal training was not rolled out to staff causing a number of user issues.</p> <p>In light of the challenges faced during the project the service worked well to ensure that there was a product available for use in the time allocated.</p>	
Fostering Narey Report and Fostering Network Report - Recommendation Compliance (ANA – Medium)	Opportunity Report Status: Final	<p>The purpose of this review was to look at how Devon Fostering Services compare against recommendations made within the "Narey Report" (February 2018) and The Fostering Network report (The UK's leading fostering charity). We were able to conclude that there are no material concerns in relation to conformance.</p>	
Targeted Family (TF) Support Programme Grant Certification	Certified Report Status: Year End Report	<p>The TF Programme is administered by the Ministry of Housing, Communities and Local Government (MHCLG) and uses a 'payment-by-results' model to incentivise positive outcomes. The 5-year target set for Devon for was 4,280 families to be supported and at the end of 2019/20 4,125 claims had been made, equating to 96% of the target and a value of £3,300,000.</p>	



Risk Area / Audit Entity	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
		We compiled an End of Year Report consolidating the work completed during 2019/20 relating to the certification of the TF Programme. In this we summarised any issues that had been identified and rectified during the year in relation to refining the process of certification.	
Schools Audits			
Maintained Schools are required to conform to both the Schools Financial Value Standards (SFVS) and the Schools Finance Manual. The 2019/20 audit plan included completion of audits at 43 maintained schools and each audit follows a set programme. Reports have been written for each School and are either at the Draft stage or have been finalised. A full list of schools audited is available on request.			
Communities, Public Health, Environment and Prosperity (CoPHEP)			
Primary Authority - Trading Standards (ANA – Medium)	Good Standard Report Status: Final	The Trading Standards Service currently provide a Primary Authority service with Devon acting as the Lead Authority. At the time the audit was undertaken the service was seeking to expand the Primary Authority to work with other Local Authorities, including district councils. Our report included recommendations for improvement including the development of a formal business strategy, as well as enhancing/formalising the management of associated risks.	
Libraries - Review of Contract Arrangements (ANA – Medium)	Good Standard Report Status: Final	The governance arrangements were generally sound, and well monitored through performance and financial management processes. We recommended opportunities for improvement in future commissioning controls including for KPIs. There is an annual service plan in place, but the Council has no overview strategy to measure this against. The Commissioning Team have now started work on a strategy and requested facilitation from Internal Audit on Risk Management for the service.	
Greater Exeter Strategic Plan (GESP) (ANA – High)	Good Standard Report Status: Final	There is effective collaborative working, with involvement from all stakeholders including Chief Planners, Chief Officers and Members from all four of the planning authorities and Devon County Council. However, the layers of reporting are considered to have an adverse impact on the efficiency of the governance structure, and the levels of delegation for the respective groups could be improved in order to provide greater efficiencies and more effective governance. The structure of the GESP Team, which includes planners from the four planning authorities and Devon, promotes a holistic approach, further enabling in the development of the plan and supporting the Council in meeting its statutory responsibilities.	






Risk Area / Audit Entity	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Domestic and Sexual Violence and Abuse (DSVA) (ANA – Medium)	Good Standard Report Status: Draft	<p>The commissioned Crisis Response and Recovery Service Specification, and Contract, were found to encourage a wide-reaching service. To ensure sustainability and consistency and for the overall strategy to be achieved, the provider needs to seek other funding and partners over the medium and longer term.</p> <p>There have been changes to the structure which formed the initial strategy, where the DVSA Alliance and DVSA Strategy and Delivery Group have been disbanded and replicated by a DVSA Forum. The forum does not have any decision-making powers, functioning only as a sounding board and advisory group. This has weakened the communication into the setting of the overall strategy and has also led to DVSA becoming less of a focus for the Safer Devon Partnership.</p>	





The following Grant Claims were passed to audit for independent checking and certification during 2019/20, no issues of concern were noted and all were certified:



- Active Devon.
- Bus Subsidy.
- Careers and Enterprise.
- Connecting Actively to Nature.
- Learn Devon- formerly Skills Funding Agency.




Devon Finance Services



Bank Reconciliation (ANA – Medium)	Good Standard Report Status: Final	<p>The control framework for bank reconciliations is considered to be sound and effectively operated by skilled staff. Reconciliations were found to have been undertaken on a regular and timely basis and reviewed and signed off at an appropriate level. The reconciliation process for the GP1 account has been reviewed and improved allowing a more efficient review of the reconciliation. This learning is due to be extended to other areas (e.g. Pension account reconciliations).</p> <p>Due to the introduction of the Payments Gateway there were significant issues with the County Fund bank account reconciliation at 2018/19 year-end, thus this account has been audited and reported upon separately in 2019/20 (see below).</p>	
Bank Rec - County Fund Account (ANA – Medium)	Good Standard Report Status: Draft	<p>The County Fund bank account is now reconciling after issues were encountered with the introduction of the Payments Gateway System. There remains a prior year outstanding balance which will be cleared for the closure of the 2019/20 accounts. The reconciliation is now ready for integration into the main reconciliation process.</p>	




Risk Area / Audit Entity	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Finest System Administration (ANA – Low)	Good Standard Report Status: Draft	Controls within the Finest system are generally well designed to prevent unauthorised access, and detect errors, omissions or other inappropriate amendments. Some weaknesses do exist, particularly in relation to segregation of duty within the Finest Support Team, but the resultant risks have been accepted by management due to the business need and resource constraints. Key recommendations were linked to improving; access management for staff who change posts or staff leave the Authority, and the regular review of user's financial limits to ensure they remain appropriate, for which an exercise is planned in the summer of 2020.	
Creditors (ANA – Medium)	Improvements Required Report Status: Draft	Overall, the Creditors and P2P systems are operating well and effectively in respect of the majority of controls. Specific issues were identified during the review including historical open orders which has been reported on separately. Other points of note during the review included a periodic payment schedule which was miscoded on the finance system for 2018/19 and a large proportion of 2019/20. Once identified the Head Accountant was notified to ensure that it was correctly reflected in the 2019/20 accounts. We also advised that Entity Reporting requires improvement to ensure changes are more easily identified and reported, the finance technology team are working to improve this.	
Creditors (Order's Issue) (ANA – Medium)	Fundamental Weaknesses Report Status: N/A	A specific piece of work was undertaken to support the main creditors audit due to the identification of a large value of prior year orders (£19 million) that remained open in the system. Finance Leadership Group (FLG) have initiated action to address the issue.	
ICT Key Financial Systems	In Progress	Work is ongoing and the report is expected to be issued During June 2020 where findings have not already been included in other key Financial System reports.	N/A
Fixed Asset Register (ANA – Low)	High Standard Report Status: Final	There have been no significant changes to the system and processes during 2019/20. Assets are managed in line with the Five-year Capital Program (2019/20 to 2023/24) which is included within the annual accounts and thus available to the public. Members are kept apprised of the latest position via the Members Asset Group and they are required to approve a purchase or sale under the Scheme of Delegation.	
Treasury Management (ANA – Low)	High Standard Report Status: Final	The control framework for Treasury Management remains sound and effectively operated by skilled staff. Reconciliations between Logotech and the main accounting system for both the Council's funds and the Pension Fund are undertaken monthly and were found to be reviewed and signed off in a timely manner after completion.	




Risk Area / Audit Entity	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
		The previous audit highlighted the need to review and test the Business Continuity Plan regularly. The BCP process requires testing regularly to ensure it remains fit for purpose and this should be scheduled as soon as possible.	
Income Collection (19/20) review (ANA – Medium)	Improvements Required Report Status: Draft	<p>We are satisfied that appropriate controls are in place to manage processes. However, we communicated concerns centred around two key issues, these being a high level of suspense items and some non-functionality of systems. These issues are known by management and are being addressed, until they are resolved our assurance is that of 'Improvements Required'.</p> <p>In respect of new Payment Gateway system, known issues are being managed and overseen by Finance-Exchequer and the Civica Payment Gateway Project Team. The Revenue and Payments Manager was able to confirm that there were 17 outstanding issues which have been fed back to the system provider (Civica).</p> <p>The Local Authority has reduced the amount of cash taken on the main site but still processes a high number of cash transactions. We have communicated that there could be a benefit in establishing a longer-term strategy for income collection which may help to provide direction to DCC services, including schools.</p>	
Payments Gateway Project (ANA – Low)	Good Standard Report Status: Final	User Acceptance Testing was thoroughly completed on a significant system upgrade prior to the upgrade being installed into the "Live" system. This meant that the upgrade was implemented without any additional errors being reported and ensured a smooth transition to the improved system.	
Risk Management - Review of Corporate Risk Register (ANA – High)	Good Standard Report Status: Final	A sample of risks from the Corporate Risk Register were reviewed and we were able to gain assurance that these risks were being appropriately managed. During this review we provided feedback to Risk Owners in articulating risk, this was due to finding examples where risks and controls had not been correctly explained. This could cause problems in identifying and assessing DCC exposure to risk.	
Credit Card Expenditure 2018-19	Opportunity Report Status: Final	<p>The Corporate Procurement Framework for the Council is established through a number of policies including a Credit Card Policy. Review of the supporting policies identified some inconsistencies which may lead to conflicting application with purchasing cards in use.</p> <p>The review of credit card activity identified incidents of spending outside of corporate purchasing framework as well as VAT recovery not being maximised. We have recommended a review of the number and use of cards in conjunction with updated policies to improve effectiveness and benefit of their use.</p>	





Risk Area / Audit Entity	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Debtors (ANA – Medium)	Good Standard Report Status: Draft	<p>We found that Corporate Debtor processes are operating well. There is suitably controlled access to the Debtors system, segregation of duties, and authorisation applied to key processes including the raising of credit notes and write offs.</p> <p>A Code of Practice for Income Collection, including debt recovery, has been established and will soon be ready for approval. The inclusion of instalment protocols and more regular review of plans with the debtor will further enhance the effectiveness of this area.</p> <p>A number of training initiatives with services has been completed to improve information received within Exchequer Services to allow more prompt and accurate allocation of income and this continues.</p> <p>The Authority collates data from its various systems into a "data warehouse" which could prove beneficial in trying to match unallocated income received. This has been discussed with the service and the technology team and we feel that this should be pursued further.</p> <p>The overall corporate debt position is continuing to be monitored by senior management on a monthly basis and should help to identify where there are significant gaps in performance, high value or persistent debtors, as well as assist in identifying potential improvements to debt recovery processes. We recognise that the Council's ability to recover corporate debt is likely to be impacted by Covid-19 and we understand that decisions will be made on the type of/timing of debt recovery.</p>	
Main Accounting System (ANA – Medium)	Good Standard Report Status: Final	<p>The control framework for the main accounting system (Finest) remains sound and effectively operated by skilled staff. However, a review of outstanding order lines in Finest identified a current value of £112 million with £19 million being in respect of previous financial years (Refer to Creditors Order Issue report above). Also, there are some areas where consideration and implementation of additional measures would enhance the existing control framework, such as timelier clearance of suspense accounts and a consistency of approach to budget virements.</p> <p>There continue to be a number of systems which feed into Finest for income and expenditure processing and accounting. Some of these systems are externally hosted and thus the Council are reliant upon the host server extracting data. Due to the potential increase in hosted systems we feel a more detailed review to the processes for interfacing with Finest is required, and thus this has been included in the audit plan for 2020/21.</p>	
Digital Transformation & Business Support			





Risk Area / Audit Entity	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Data Storage (ANA – Medium)	Improvements Required Report Status: Draft	Subsequent to the issue of the draft report the service have made arrangements to provide further evidence of how key issues were being addressed through the ICT Roadmap. We look forward to working with service to ensure that the risks identified from the audit process can be effectively mitigated. Items of note relate to the use of both SharePoint and Network drives for storage, also the significant volume of older user files that staff have not cleared down.	
Data Protection & Cyber Security (Malware Focus) (ANA – Medium)	Improvements Required Report Status: Draft:	Subsequent to the issue of the draft report the service have provided feedback and further views on some of the issues reported. We look forward to working with service to ensure that the risks identified from the audit process can be effectively mitigated. Items of note relate to vulnerability testing ownership and activity, and the Information Asset Register where work to redesign and repopulate is underway through the Smarter Devon Programme.	
ICT Roadmap (ANA – Medium)	Good Standard Report Status: Final	<p>We have found there to be adequate governance and monitoring arrangements in place regarding the ICT Roadmap. In order to provide greater assurance as to the effective and efficient delivery of the programme we have identified a number of areas where improvements or changes could be made.</p> <p>Based on discussions with both ICT Commissioning and ScoMIS the most significant issue facing the effective delivery of the current and future Roadmaps is the existing business model. At present there is an inability to fully utilise the expertise of external partners/organisations to assist in delivery of projects / solutions. This issues links to ScoMIS holding administrative control and system access of the Councils ICT network, but not having all the expertise in house to activate the capabilities that the Council want.</p> <p>Interdependencies between projects across the programme were not always fully identified and documented. Understanding and managing interdependencies is an essential aspect of effectively managing and delivering a programme of project.</p> <p>ScoMIS advised that they have not always received sufficient notice or detail of projects to ensure that they have the appropriate resources and skills in place. A particular example of this is the initial roll out of Office365, where they did not have enough staff with sufficient exposure to the product to support implementation.</p> <p>The process for the initiation of products is well supported by the completion, review and approval of a project brief / business case which includes the identification of risks. During our review we have found instances where the risk assessment was either not completed or lacking in detail. Furthermore, whilst the ICT Roadmap status is regularly reported to the Project Working Group and the Programme Board, it is not formally reported to the Councils Senior</p>	




Risk Area / Audit Entity	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
		Management Team (LG8) which would be expected of such a significant programme of projects which affect the whole business.	
Digital Platform (ANA – Critical)	Good Standard Report Status: Final	<p>The Council was establishing a Digital and Technology Service to enable it to deliver viable solutions in a timely manner in order to change the way that new digital services are created and deployed. They key recommendation within this report relates to the production of suitable process notes to support the approach being used. In their absence roles and responsibilities can be unclear or misunderstood and the process for prioritisation of work is not defined for all to see/understand. This is particularly important as it was noted that there is a backlog of projects, currently prioritised according to their ability to save costs, enable channel shift and create customer satisfaction.</p> <p>The team has built up expertise and knowledge through the development of the Blue Badge service, with two further services are already in development, being Registrars and the Multi-Agency Safeguarding Hub (MASH), which will also allow further learning to be applied in future.</p>	
Procurement: Resilience of significant / Strategic suppliers to ensure service provision in face of Public Sector cuts (ANA – High)	Good Standard Report Status: Draft	<p>The Council delivers a number of services through a 3rd party (which include the use of contractors, joint ventures and partnership arrangements) and some of which are considered to be High Risk, in terms of their statutory requirements and the ability of the Local Authority to switch providers. Due to this exposure to risk, we would consider there would be benefit in including the risk of financial resilience within 3rd parties to the Corporate risk register. In addition to this, we have suggested within our report that the Council should carry out an assessment of all 3rd party contracts in future to ensure that any critical service contracts are identified.</p> <p>The Procurement Team perform 'Financial' Due Diligence checks prior to contract award, and more recently a range of checks have been undertaken post contract award (during the lifetime of the contract). At present, there is not a consistent approach being used, due in part to the nature of the contracts provided. We found examples whereby no financial checks had been undertaken on a 3rd party post contract award.</p> <p>Best practice guidance and other guidance on managing 3rd party risk refer to contract management activities which are to be used throughout the lifecycle of a contract. We would consider some of these areas to be relevant to this type of risk; as some of which may provide help to identify concerns about a 3rd party at an earlier stage (Risk Management) as well as helping to helping a service prepare in any unexpected event(s) - for instance exit planning, Business Continuity and Continency planning. EYP guidance and other best practice refer to the use of risk registers/risk assessment(s) to be used for 3rd party contracts. Due to the number of events which could impact on 3rd party financial resilience, we would consider that</p>	

Risk Area / Audit Entity	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
		additional risk management activity including the use of risk registers would be beneficial in helping to monitor/manage the financial resilience of 3rd parties.	
The following audit Follow-up reviews were undertaken, and reports were issued with revised Assurance Opinions where applicable			
Cyber non-technical (Follow Up Review)	Improvements Required Report Status: Final	Progress continues to be made in relation to key areas to provide a more robust framework; these being the engagement of a third party to support formulation and implementation of IT security policies necessary to form a robust cyber security framework, and the ongoing implementation of the e-learning and policy management system. There has been training on 'raising user awareness' provided via resources on the Insider, & via the SharePoint 'Phish Tank' site. As a number of these measures were not fully in place, we were unable to provide updated assurance as to their effectiveness in addressing the original risks identified and the associated required actions. We are able to provide advice and support as these projects progress.	
ScoMIS Contract Management Follow Up	Improvements Required Report Status: Final	<p>Our revised assurance opinion has been based upon a verbal follow up update and as such we are unable to fully evaluate effectiveness. We have been advised that some progress had been made which has improved the contract management processes, and these improvements continue. Regular contract meetings between ScoMIS and Commissioning teams have been established, which include continuous service improvement. Progress against actions is also linked through the annual ISO27001 audit process. When all processes are fully implemented and integrated with Commissioning it will provide a far more effective contract management framework and methodology.</p> <p>Payments and budget management remain reasonably effective and once all process improvements are established and embedded, we would anticipate further improvement.</p> <p>We understand that there has been no progress in relation to managing the supplier risks as it is considered to be a resource intensive process given the scale of contracts in place. We do still consider that there would be considerable benefit in establishing a process, albeit that this may be focussed upon contracts that are key to critical business systems.</p>	
Carefirst OLM Follow Up	Improvements Required Report Status: Final	<p>We have been provided with a verbal update against the previously agreed actions. As detailed evidence has not been reviewed our assurance rating remained unchanged.</p> <p>Based upon this update we would still consider the hosting arrangement with OLM to be delivering the benefits which were identified in the business case. The hosting arrangement remains complex in terms of current services and ongoing projects making ongoing review of value and contract management crucial. As originally reported, the Council is reliant on OLM and needs to maintain management of the contracts as a commissioning authority.</p>	


Risk Area / Audit Entity	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
		<p>Good progress has been made in relation to ensuring alignment to contract including monitoring of service costs. We understand that there has been improvement in relation to Eclipse reporting, and similar improvement will be pursued in relation to CareFirst, however, we understand that the overall hosting service has remained stable. Ongoing costs and value are subject to annual review, which have realised a saving in the current financial year. Based upon discussions during the follow up, we continue to consider that a majority of expected benefits have been realised. There is a current project being progressed in relation to future delivery options.</p>	
<p>Adoption and Change Follow Up</p> <p>Page 70</p>	<p>Improvements Required</p> <p>Report Status: Final</p>	<p>We have been provided with a verbal update against the previously agreed actions. As detailed evidence has not been reviewed our assurance rating remained unchanged.</p> <p>Based upon the verbal update provided to us we are pleased to note that funding has been secured for a permanent Adoption and Change team, which addresses one of the key risks identified.</p> <p>We further understand that a project has been created and is ongoing which is intended to address the remainder of the Adoption and Change Programme. This project will also include identification, consideration and management of associated risks, and ongoing monitoring, reporting and development of associated performance measures.</p>	
Highways, Infrastructure Development and Waste			
<p>Cost Control (Delivery of capital projects funded through the Capital Programme) (2018/19 IA Plan) (ANA – Critical)</p>	<p>Good Standard Report Status: Final</p>	<p>We found that both Highways and Built Environment projects adopt a similar methodology and principles for managing the steps of a project (RIBA). Overall, we found some good processes in place to identify and manage risks to Infrastructure projects and some opportunity to enhance current practice.</p>	
<p>Skanska- Review of contract reconciliation (Year 1) (2018/19 IA Plan) (ANA – Medium)-</p>	<p>Good Standard Report Status: Final</p>	<p>At the time of review Skanska were not undertaking quarterly reconciliations to highlight profit and loss against the contract. This would be considered an essential control in helping to inform both parties on the financial health of the contract and service components. It can also be used to inform both parties on potential risks.</p> <p>We sampled completed works orders resulting in observations and recommendations which relate to the preparation of the reconciliation. Overall Skanska maintained a good central record to support the reconciliation for 2017/18 financial year. We reviewed a sample of service components costs and we were able to reconcile the total costs relating to these to the supporting records held by Skanska.</p>	

Risk Area / Audit Entity	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
Maintenance Contract (ANA – Medium)	Improvements Required Report Status: Draft	Under this contract, Key Performance Indicators (KPI's) have been put in place to measure the performance of the contractor. These KPI's have not been subject to an annual assessment process as referenced within the contract, and there have been a number of changes that have recently been made to these original performance measures.	
Highways – Well maintained highways infrastructure (ANA – Medium)	Improvements Required Report Status: Draft	The Highways service has identified gaps in applying the Code of Practice where further work needs to be undertaken. The Council may be subject to external assessment and if found not to comply this could negatively impact on funding. Adoption of a risk-based approach is a fundamental requirement of the code of practice and this is in place, but requires improvements including in respect of identifying risks, articulation of controls and regularly reviewing risk entries.	
Data Breaches (ANA – Medium) <div style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 71</div>	Good Standard Report Status: Draft	<p>The Corporate Information Asset Register (IAR) includes a section for HIDW but this has not been reviewed since 2016. It is the Information Asset Owners (IAO's) for each area of the business that have the responsibility to understand and manage the information assets within that business area, also taking ownership of their IAR's.</p> <p>Our review of a sample of processes within Highways confirmed that they are adequate in respect of reducing the risk of a data breach. The service had reviewed the associated processes and improvements made where necessary. We can also confirm that management has taken, and continue to take, steps to minimise the risk by maintaining staff awareness.</p> <p>New training introduced in December 2019 linked to data protection was found to have been completed 82% of Highways Staff and 79% of Highways, Infrastructure and Waste staff (at the time of review). In addition to this mandatory training Highways has a Communications Standards document that is provided to all staff and data protection, security advice and reminders are regularly included in staff newsletters.</p>	
Whole Life Asset Costs (ANA - Low)	Improvements Required Report Status: Draft	<p>There was good evidence of whole life asset maintenance cost considerations being included in the business cases presented to the Capital Project Group (CPG), but this was not included consistently in the reports for Cabinet. There were a higher number of business cases approved at CPG and the reports were considered comprehensive.</p> <p>Our assurance rating is given due to the absence of a number of control measures in the existing framework, including the maintenance audit process not being embedded within all stages of the locally revised Royal Institute of Builders Association (RIBA) project life cycle. Additionally, there appears to be an inconstancy in the recovery and accounting for “commuted sums” across the various types of infrastructures.</p>	

Risk Area / Audit Entity	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
		It should be noted, however, that there are good examples of where capital infrastructure investment has produced significant maintenance savings, for example the £8.6m 3-year LED streetlighting replacement programme, which will provide a £1.3m annual revenue saving.	
Waste - Savings Sharing Scheme (ANA – Medium)	Good Standard Report Status: Final	The standard Shared Savings Scheme (SSS) agreement document in place is considered adequate and is inclusive of a provision for adjustments. The SSS calculation model is used to identify the indicative savings via comparison of data to the 2014/15 baseline and the calculation model was compiled with the involvement of the District Councils (WCA's). The model is considered adequate and was found to be logical, calculates accurately and contained sufficient checks and balances to ensure accuracy and integrity. The County Waste Manager completes adjustments to the indicative savings as per the calculation model, and we found these to have been calculated fairly and accurately.	
Street Lighting system (Additional Unplanned Work)	Improvements Required Report Status: Final	We completed a 'light touch' assessment of a new street lighting system hosted by the service provider. The system was found to meets its objectives for management of the streetlighting jobs and infrastructure. However, the system did not have adequate authorisation control (secondary) built into the software and therefore did not comply with the Council's financial regulations for payment control. The Service and the Software Provider are working together to resolve this issue and once secondary authorisation is embedded onto the system, this control should help to provide a reasonable level of authorisation and segregation of duties. <i>Note – Following completion of the 2018/19 work an issue was identified in May 2020 whereby the supplier had used the wrong client code. A further detailed review has been included in the 2020/21 Internal Audit Plan.</i>	
Legal, Human Resources and Communications			
Payroll (2018/19) (ANA – High)	Good Standard Status: Final	The 2018/19 report was finalised with management in early 2019/20. A new payroll system has since been introduced and details are shown later in this table.	
Payroll (2019/20) (ANA – High)	Improvements Required	The system was implemented in November 2019 and our review confirmed a number of actions are required, which is inevitable given the size and complexity of a new system implementation project.	

Risk Area / Audit Entity	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
	Report Status: Final	<p>The Payroll Teams identified a number of issues post Go Live and have maintained a record of these along with an action plan. In some cases, where work arounds have been necessary approval has been sought from the Project Board prior to actioning.</p> <p>The availability of payroll forms and initial issues the workflow for travel and expense claim emails led to an increased risk of fraud for a short period. There were instances where expense payments were duplicated, and immediate resolution was sought with the system provider.</p> <p>In light of the issues we are only able to provide limited assurance and thus an overall opinion statement of "Improvements Required". However, it should be noted that the overwhelming majority of employees have been paid accurately, and in a prompt manner.</p>	
Health & Safety Governance (ANA – Medium)	Good Standard Report Status: Draft	The Health and Safety Team have developed Health and Safety policies for all of DCC Services and Maintained Schools. These include processes for assessing health and safety risk (Risk Assessment policy and procedures) and for incident reporting. Within this review we focused on the Adults and Children's Service Areas and identified sections in both where Health and Safety arrangements could be improved. Examples include the processes for identifying and assessing Health and Safety risk and reporting of Health and Safety incidents. We also noted that attendance at Health and Safety well-being groups was minimal, especially in relation to Children's services.	
HR: iTrent Data Migration (Client Request)	Good Standard Report Status: Final	We undertook independent validation checks of the data migrating from Prism to iTrent. We concluded that data migration and user acceptance testing (UAT) were well organised and thoroughly checked by the Payroll Teams. This led to minimal data issues which were resolved promptly prior to system "go live".	
HR: iTrent – HRMS Project	Opportunity Report Status: Final	<p>Internal audit reviewed the summary payroll processes for the Council and also external clients to check for issues and provide some assurance. We communicated a range of issues such as the non-authorisation of headteacher claims and suggested options to address these to the project group.</p> <p>We were able to confirm that HR One arranged to have the iTrent system externally tested (penetration testing) to confirm the security of the system and to identify any potential unknown risks, this type of testing is to be an ongoing feature. Whilst this highlighted some issues of "high importance", we subsequently reviewed the outcomes of the external testing, together with HR One's approach to managing the security of the system and can confirm that we are satisfied with the testing that has been completed.</p>	

The following audit Follow-up reviews were undertaken, and reports were issued with revised Assurance Opinions where applicable:

Risk Area / Audit Entity	Assurance Opinion	Residual Risk / Audit Comment	Direction of Travel Assurance
GDPR Follow Up	Improvements Required Report Status: Final	Some progress was been made in relation to the recommendations that were provided in the 2018/19 Internal Audit report. However, there remained a number of 'High' Priority recommendations/agreed actions which had not been completed leading to further follow up in planned in 2020/21.	

The following Grant Claims were passed to Internal Audit for independent checking and certification during 2019/20 and allwere certified withnlittle or no issues:

- Active Devon.
- Bus Subsidy.
- Careers and Enterprise.
- Connecting Actively to Nature.
- Learn Devon- formerly Skills Funding Agency
- Local Transport Capital Block Funding LTCBF-- including pothole action fund, Flood Resilience, and street lighting challenge fund
- Challenge Fund Tranche 2A.
- Engaging Rural Micros (ERM) Grant – (two grants were reviewed phase 1 and 2).
- Local Growth Fund - Growth Deal Fund from Heart of South West LEP (via Somerset cc).
- National Productivity Investment Fund (NPIF).
- NPIF Bid - Exeter Eastern Growth & Main Street Sherford
- Targeted Family Support Programme

Appendix 2 – Audit Authority



Appendix 3 - Annual Governance Framework Assurance

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

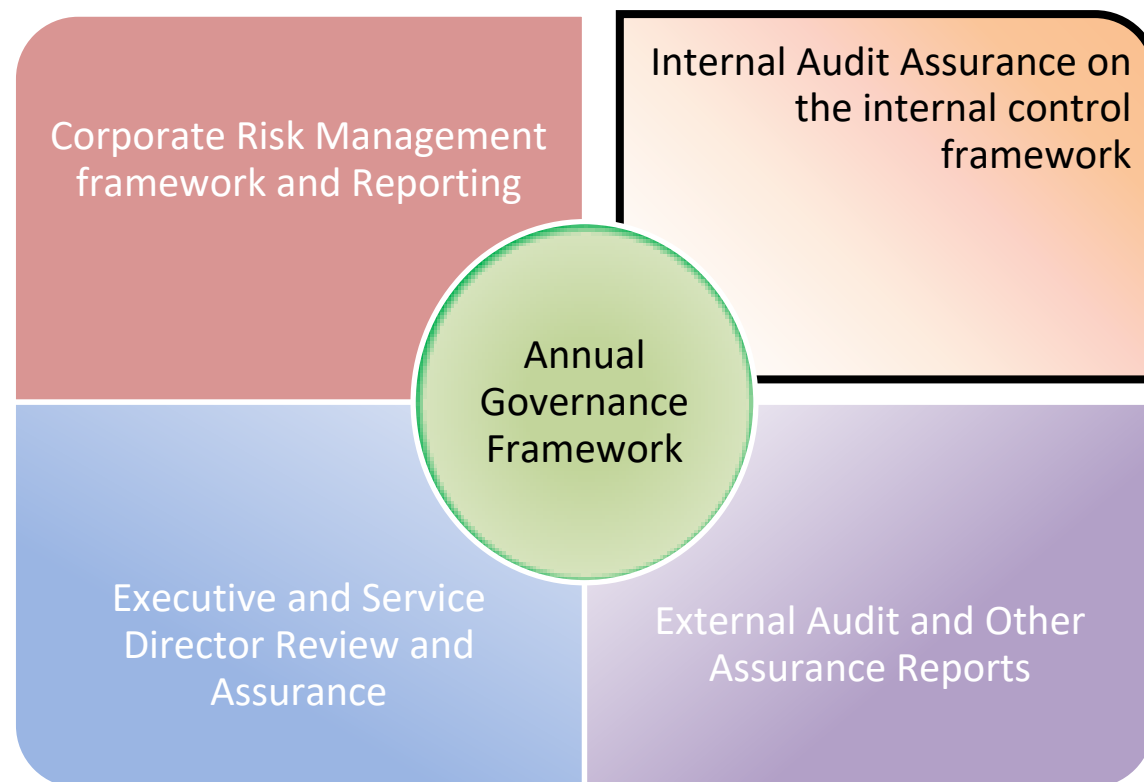
The Annual Governance Statement provides assurance that

- the Authority's policies have been complied with in practice;
- high quality services are delivered efficiently and effectively;
- ethical standards are met;
- laws and regulations are complied with;
- processes are adhered to;
- performance statements are accurate.

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

- be prepared by senior management and signed by the Chief Executive and Chair of the Audit Committee;
- highlight significant events or developments in the year;
- acknowledge the responsibility on management to ensure good governance;
- indicate the level of assurance that systems and processes can provide;
- provide a narrative on the process that has been followed to ensure that the governance arrangements remain effective. This will include comment upon;
 - The Authority;
 - Audit Committee;
 - Risk Management;
 - Internal Audit;
 - Other reviews / assurance.

Provide confirmation that the Authority complies with CIPFA / SOLACE Framework *Delivering Good Governance in Local Government*. If not, a statement is required stating how other arrangements provide the same level of assurance



The AGS needs to be presented to, and approved by, the Audit Committee, and then signed by the Chair.

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

Appendix 4 - Basis for Opinion

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

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

The extent to which our work has been affected by changes to audit plans has not been notable this year as in some previous financial years. Whilst certain changes have been made from the plans originally agreed this has been due to changes in operational business needs.

Levels of sickness amongst staff within the team has unfortunately meant certain reviews have been deferred into future years audit plans.

The scope of our audit work this year has not been adversely affected by investigatory works required to be undertaken and does not reduce the level of assurance able to be offered.

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

all audits completed during 2019/20, including those audits carried forward from 2018/19;

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

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

the quality of internal audit's performance;

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

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

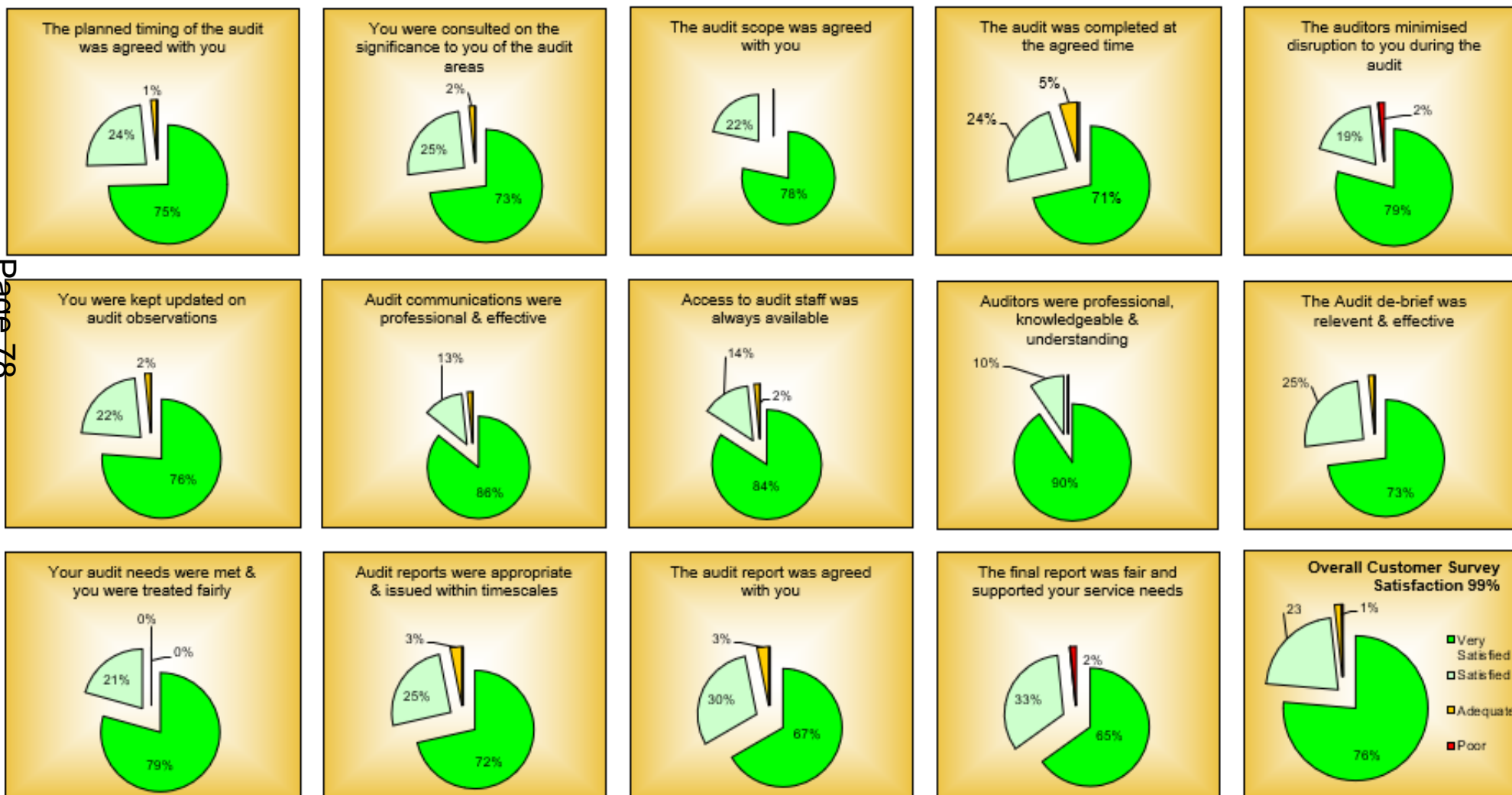
any limitations that may have been placed on the scope of internal audit.

Appendix 5 - Customer Service Excellence

Customer Survey Results April 2019 - March 2020

The charts below show a summary of

63 responses received.



Appendix 6 - Confidentiality under the National Protective Marking Scheme

This report is protectively marked in accordance with the National Protective Marking Scheme. 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 it.

Marking	Definitions
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.
Official: Sensitive	A limited subset of OFFICIAL information could have more damaging consequences if it were lost, stolen or published in the media. This subset of information should still be managed within the 'OFFICIAL' classification tier but may attract additional measures to reinforce the 'need to know'. In such cases where there is a clear and justifiable requirement to reinforce the 'need to know', assets should be conspicuously marked: 'OFFICIAL-SENSITIVE'. All documents marked OFFICIAL: SENSITIVE must be handled appropriately and with extra care, to ensure the information is not accessed by unauthorised people.

Appendix 7 - Definitions

Definitions of Audit Assurance Opinion Levels

Assurance	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.
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.
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.
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.

Page 80




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

Definition of Recommendation Priority

High	A significant finding. A key control is absent or is being compromised; if not acted upon this could result in high exposure to risk. Failure to address could result in internal or external responsibilities and obligations not being met.
Medium	Control arrangements not operating as required resulting in a moderate exposure to risk. This could result in minor disruption of service, undetected errors or inefficiencies in service provision. Important recommendations made to improve internal control arrangements and manage identified risks.
Low	Low risk issues, minor system compliance concerns or process inefficiencies where benefit would be gained from improving arrangements. Management should review, make changes if considered necessary or formally agree to accept the risks. These issues may be dealt with outside of the formal report during the course of the audit.
Opportunity	A recommendation to drive operational improvement which may enable efficiency savings to be realised, capacity to be created, support opportunity for commercialisation / income generation or improve customer experience. These recommendations do not feed into the assurance control environment.

Direction of Travel Indicators

Indicator	Definitions
	No Progress has been made. The action plan is not being progressed at this time; actions remain outstanding.
	Progress has been made but further work is required. The action plan is being progressed though some actions are outside of agreed timescales or have stalled.
	Good Progress has/is being made. Good Progress has continued.

CT/20/64
Audit Committee
28th July 2020

DEVON COUNTY COUNCIL – CONTROL ENVIRONMENT Report of the County Treasurer

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

It is recommended that Members:

- i. Note the report;
- ii. Endorse the response from the County Treasurer including the conclusion that the Authority's accounts should be prepared on a Going Concern basis; and iii Approve the proposed response to the external auditor's questions to the Audit Committee on fraud, litigation and claims

1. Each year the Chair of the Audit Committee and S151 officer are required to respond to enquiries from the external auditors (Grant Thornton) regarding the overall control environment of the Council, with particular focus on the arrangements in place to ensure that the production of the financial statements will be free of material error.

2. It is acknowledged that no process can ever be risk free; however it is important that appropriate checks and balances are in place to ensure accuracy in preparation of the accounts and to identify errors should they arise without compromising the opinion on the accounts.

3. It should be noted that although the close-down of the accounts only occurs once a year the control environment needs to be operational throughout the accounting period on a consistent and error free basis to provide an appropriate level of assurance on the accounts.

4. Each year the Authority assesses whether it should be considered as a Going Concern and whether the accounts should be prepared on that basis. The external auditor, Grant Thornton, has again this year requested that the Audit Committee consider this assessment. The County Treasurer considers that the Authority is a Going Concern and that the accounts should be produced on this basis. Evidence to support this conclusion is contained within Question 9 of the appendix to the s151 officer's response attached.

5. The Audit Committee will be required to authorise the accounts in November after Grant Thornton has audited the accounts and prepared a report on their findings that will also go to the Audit Committee in November. The attached letter from the Section 151 officer communicate the details of the control environment.

Mary Davis

Electoral Divisions: All
Local Government Act 1972

Contact for Enquiries: Peter Lappin
Tel No: (01392) 383342

Background Paper	Date	File Ref
Nil		

There are no equality issues associated with this report

From: Mary Davis
Address: Room 180, County Hall, Exeter

Julie Masci
Grant Thornton UK LLP
2 Glass Wharf
Bristol
BS2 0EL

Tel: 01392 383310
Fax:
E-mail: Mary.davis@devon.gov.uk

14th July 2020

Dear Julie

Devon County Council and Devon Pension Fund

Audit of Accounts 2019/20

Thank you for your letter of 19th March 2020 in which you request information in support of your requirements under the International Auditing Standards.

You require an understanding of the management processes in place to prevent and detect fraud and ensure compliance with law and regulation. You also request management's assessment of going concern.

You helpfully enclosed a schedule which explored the areas you require assurance on. I have completed this schedule and now attach this for your information.

I trust that this schedule provides you with good insight into how we ensure the risk of fraud is effectively addressed, and how we ensure compliance with law and regulation.

If you do require any further information do please let me know.

Yours sincerely

M. C. Davis

Mary Davis
Treasurer

Appendix 1

Auditor questions for management:

Auditor question	Response
Fraud	
<p>1. Please provide your assessment of how your financial statements may be materially misstated due to fraud, including the nature, extent and frequency of such assessments.</p>	<p>The risk of material misstatement due to fraud is assessed as low but the Authority has recognised that the need for prompt payments to new suppliers during COVID 19 has increased the inherent risk. The Authority has responded by issuing guidance to employees and monitoring of authorised expenditure during this turbulent time. There is regular monitoring of budgets which would identify any material variances.</p> <p>There are controls within systems that require more than one employee to be involved in the processing and authorisation of any material transactions – such as payments.</p> <p>The financial statements are reviewed by the County Treasurer and other members of Finance Leadership Group.</p> <p>Overall financial performance in the financial statements is reconciled back to the Outturn Report reported to Cabinet.</p> <p>Internal Audit reviews the system of internal controls and the main accounting systems. Devon Audit Partnership (DAP) provides a regular update to the Audit Committee regarding its work and key findings. DAP is in the process of preparing its annual report for 2019/20 and will provide its conclusion to the Audit Committee in July.</p>
<p>2. What are your processes for identifying and responding to the risks of fraud in the Council and Pension Fund, including any identified specific risks of fraud and risks of fraud likely to exist?</p>	<p>Awareness is key to identifying the possibility of fraud and as such it is essential that staff are aware of the possibility of fraud within their working environment. We have an e-learning “fraud awareness” module in place to help managers increase their fraud awareness.</p> <p>In 2019/20, the Counter Fraud Manager of DAP has provided a training and awareness session for all finance staff on Fraud, and the steps staff can take to help prevent fraud occurring.</p> <p>Our internal audit team, Devon Audit Partnership (DAP) issues regular fraud bulletins to raise awareness of the possibility of fraud; identify the</p>

	<p>circumstances of their occurrence and the controls that should be in place and adhered to by staff to minimise the risk of similar frauds taking place within the authority.</p> <p>Where areas of fraud risk are identified, these are reviewed by management and subject to audit review to ensure the controls in place are fit for purpose and being adhered to.</p> <p>All allegations of fraud are taken seriously and are investigated promptly by management in conjunction with Internal Audit, HR and Legal Services as applicable.</p> <p>The annual internal audit plan includes time for fraud prevention, detection and investigation. This plan is subject to annual review and takes into account any areas of concern which have been raised by colleagues within other local authorities, or national initiatives in areas where fraudsters are known to operate.</p> <p>Through the work undertaken by Internal Audit, Trading Standards and various law enforcement partners, all significant findings are advertised via the media and the public website to raise awareness of the implications of what can happen to a fraudster if they are found out and a conviction successfully obtained.</p> <p>Bank mandate fraud, and fraud related to the impersonation of senior officers, both continue to be areas of concern. The sophistication of fraudsters attacks has increased, and there is a continued risk to the authority of such scams not being identified. Additional guidance and awareness training have been provided to front line Finance staff, and other support staff (such as school admin personnel) to increase their awareness of such threats and how to respond to concerns that they may have.</p> <p>In May 2018 the former Counter Fraud team of Plymouth City Council joined DAP. This enables DCC to access a range of specialist services, including 7 qualified Counter Fraud Specialists. In addition, the internal audit team contains a number of audit professionals (27 staff), who are trained at designing systems and controls to prevent and detect fraud and to investigate this should it arise.</p>
--	---

3. Do you have knowledge of any actual, suspected or alleged fraud affecting the Council and Pension fund?	Yes. The internal audit team maintain a record of incidents that have occurred during the year. This can be provided to the GT team on request.
4. What communication do you have with those charged with governance regarding their processes for identifying and responding to the risks of fraud in the entity?	<p>When preparing the annual internal audit plan, the internal audit provider (Devon Audit Partnership) will bring to the attention of the audit committee the important role that members play in setting a zero-tolerance approach for fraud.</p> <p>When undertaking internal audit assignments all auditors will assess the control environment against the threat of fraud and corruption. Auditors will assess the effectiveness of controls in place to prevent and detect fraud, and make recommendations for further improvement if required.</p> <p>The internal audit plan will refer to time set aside to respond and investigate concerns / allegations of fraud and corruption.</p> <p>Internal Audit (Devon Audit Partnership) provides reports to the Audit Committee on a six monthly and annual basis; part of this report refers to counter fraud arrangements.</p> <p>The reports will refer to counter fraud work (such as the National Fraud Initiative) and provide a summary of the frauds / irregularities that the Authority has faced in the year. As this is a public report, details of the frauds are reported at a summary level, but more details can be provided to members if they request.</p>
5. What communications do you have with employees regarding their views on business practices and ethical behaviour?	<p>These are communicated through messages via the Insider publication, Core Briefings, senior management team meetings etc. as part of the management process.</p> <p>In addition, guidance is available to staff on the relevant policies around business practices and ethical behaviour; including within the Code of Business Conduct the need to be transparent and register gifts and hospitality offered but declined.</p>
Related Parties	
6. Please can you advise the identity of the Council and Pension fund's related parties, including changes from the prior period.	The Statement of Accounts, normally published at the end of May (delayed to the end of July this year following the extension granted in the Accounts and Audit Regulations) will disclose the related parties of Devon County Council and the Pension Fund, as it does every year.

7. Please can you advise the nature of the relationships between the Council and Pension fund and these related parties.	The Statement of Accounts explains the nature of the relationship with the related party.
8. Please can you advise whether the Council and Pension fund entered into any transactions with these related parties during the period and, if so, the type and purpose of the transactions.	The Statement of Accounts discloses the amounts of transactions entered into with the related party in 2019/20 (and previous year for comparative purposes).
Going Concern	
9. Have you identified events or conditions that, individually or collectively, may cast significant doubt on the Council and Pension fund's ability to continue as a going concern and, if so, what are your plans to address them?	No. The Authority has achieved a small increase in General Fund balance as reported in the Outturn report to Cabinet on 8 th July. There are also increases in earmarked reserves. Cash forecasts show sufficient cash reserves to meet future liabilities. CIPFA's Financial Resilience Indicators published in December 2019 do not any raise any issues that would cast doubt on the Authority or its Pension Fund to continue as a going concern.
Litigation and claims	
10. Have you identified any possible litigation and claims which may give rise to a risk of material misstatement?	None

Auditor question	Response
Laws and regulations	
11. Are you aware of any non-compliance with any laws and regulations?	I am not aware of non-compliance with any laws and regulations.
Accounting estimates	
12. How do you identify transactions, events, and conditions that may give rise to the need for accounting estimates to be recognised or disclosed in the financial statements?	<p>The Code of Practice on Local Authority Accounting sets out the recognition and disclosure requirements with a focus on what would be material for users of the financial statements.</p> <p>Each year a new Code is issued which highlights changes from the previous year. These changes are taken into account when determining the accounting estimates that need to be recognised and disclosed in the financial statements.</p> <p>Although there are no significant changes to the Code for 2019/20, the effect of Coronavirus on economies around the world has required a review of asset values for the Pension Fund, Properties and collectability of debts.</p> <p>In addition to the monitoring of budgets and transactions during the year, finance staff have regular discussions with services to identify if there is any need for accounting estimates.</p> <p>Enquiries are made of the County Solicitor and her team to identify the need for new or revised accounting estimates as the result of legal action.</p>
13. Are there changes in circumstances that may give rise to new, or the need to revise existing, accounting estimates?	<p>The intention had been to base the IAS 19 reports (Pension disclosures – asset values and forecast future benefit payments to pensioners) on Month 11 asset values projected to Month 12. The intention was to facilitate early closing of the accounts. However, with the volatility of stock markets</p>

	<p>in March due to the Coronavirus, the IAS 19 report was delayed to allow year end asset values to be used – thereby taking away the need for an estimate of Month 12. (Although the IAS 19 report is itself full of significant estimates of what is going to happen in the long term sometimes more than 15 years into the future.)</p> <p>Further work has been needed to review PPE asset values at the year end and seek the expert opinion of the Authority's valuer regarding the impact of COVID-19</p> <p>The District Councils, as billing authorities collect the Authority's share of council tax and business rates. Much of the Council Tax and Business Rates due in 2019/20 had been collected before the Coronavirus affected the economy. All billing authorities have increased their bad debt provisions which are reflected in the County Council's accounts.</p> <p>The Authority has set aside a further £1.4 millions in 2019/20 to provide for bad debts mainly for the impact of COVID-19 on the economy and the collectability of debt.</p> <p>There remains significant uncertainty as to the financial impact in 2020/21, even taking into account the additional Government Funding to local authorities and to taxpayers and businesses.</p>
--	--

Julie Masci
Grant Thornton UK LLP
2 Glass Wharf
Bristol
BS2 0EL

From: Chair of the Audit Committee
Address: c/o Mary Davis
County Treasurer
County Hall
Topsham Road
Exeter

28th July 2020

Dear Julie

Devon County Council and Devon Pension Fund

Audit of Accounts 2019/20

Thank you for your letter of 19th March 2020 in which you request information in support of your requirements under the International Auditing Standards.

You asked for responses to a schedule of questions. This schedule is now completed and attached for your information.

I trust that this schedule answers your questions.

Yours sincerely

Chair of the Audit Committee

Auditor questions for Those Charged with Governance:

Auditor question	Response
Fraud	
Do you have knowledge of any actual, suspected, or alleged fraud affecting the Council or Pension Fund ?	Internal Audit provides the Audit Committee with an overview of any fraudulent activity that affects the Authority or Devon Pension Fund.
Litigation and claims	
Do you have any knowledge of potential litigation or claims affecting the Council or Pension Fund?	The Audit Committee is not aware of any significant potential litigation that would affect the Council or Pension Fund.

CS0/20/13
Audit Committee
28 July 2020

GOOD GOVERNANCE IN

Report of the Leadership Group

Recommendation: that the draft Governance Statement be approved;

~~~~~

The Council is required, annually, to prepare and publish a Governance Statement in accordance with CIPFA/SOLACE guidance and comply the Accounts and Audit (England) Regulations 2015, as amended, reviewing its system of internal controls in line with best practice. The Council is required to publish the statement alongside the Annual Statement of Accounts.

This will be the thirteenth year for which the Council is required to produce a Governance Statement. Revised guidance issued during 2016 (based on the International Framework: *Good Governance in the Public Sector (CIPFA/IFAC, 2014)*) interpreted for a local government context incorporates revised core principles and sub-principles of good governance which form the basis of the accompanying, detailed schedule adapted from the International Framework.

It is a matter ultimately for individual Councils how to set out its commitment to the principles of good governance included in its Governance Framework and structures and to demonstrate how it operates effectively in practice. In line with advice from the External Auditor the Annual Governance Statement should be considered and signed-off by this Committee in parallel with the Council's Statement of Accounts.

As before and in recommending the adoption of the attached Annual Governance Statement the Leadership Group, Chief Officers and Heads of Service confirm that the organisational, financial, compliance and operational key controls referred to therein and the accompanying schedule continue to be appropriate and that statements of internal control which support the content of this Statement have operated, effectively, during the year in question.

This Report and the accompanying Statement have no specific equality, sustainability, public health or legal implications that are not already covered by or subsumed within the detailed policies or actions referred to therein.

**[Electoral Divisions: All]**

Local Government Act 1972: List of Background Papers

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

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

# Agenda Item 10

## **DEVON COUNTY COUNCIL Annual Governance Statement 2019/20**

### **Purpose of Annual Governance Statement**

To achieve good governance, a Council must not only take account of the legislative and constitutional arrangements that underpin them but should use all means at its disposal to explain to the community, service users, tax payers and other stakeholders how its governance arrangements work and how the controls it has in place manage risks of failure in delivering its outcomes.

An Annual Governance Statement should therefore provide a meaningful communication regarding the review of governance that has taken place, including the role of the governance structures involved (such as the authority, the audit and other committees). It should be high level, strategic and written in an open and readable style, in line with CIPFA guidance.

The County Council's Annual Governance Statement:

- a) acknowledges responsibility for ensuring there is a sound system of governance incorporating systems of internal control;
- b) recognises and assesses the effectiveness of key elements of the governance framework, including joint arrangements where appropriate and the roles of the Council, its Cabinet, Audit and other Committees as appropriate;
- c) provides an opinion on the level of assurances that the Council's governance arrangements can provide;
- d) recognises and reflects upon any appropriate action(s) identified or required in earlier Statements and commits to monitoring any action(s) required as part of this Statement.

### **Scope of Responsibility**

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

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

The County Council has approved and adopted a code of corporate governance which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government* (2016). The Annual Governance Statement explains how the Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations 2015.

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

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

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

Satisfactory controls to support statements made in this Annual Governance Statement are essential and in endorsing it the Council's officers confirm that input to systems and processing of transactions is complete for the financial year ended 31 March 2020 and that there were no material or significant delays or backlogs of either input or processes that would result in financial or other records being incomplete.

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

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

The Constitution is fundamental to the working of the County Council and transcends the core principles and sub principles of corporate governance in the CIPFA/SOLACE Framework which form the basis of the attached schedule. Many of the structures and processes referred to here are readily available either through the Constitution or on the Council's website.

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

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

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

- a) it allocates power and responsibility within the Council and between it and partner organisations;
- b) it delegates authority for specific issues to act to the Leader, Committees, Cabinet Members and officers;
- c) it enables the people of Devon to access information and ask questions or make representations or submit petitions at certain meetings;
- d) it sets down the procedures by which the people of Devon may give their views on the key decisions which the Council's Cabinet is to take; and
- e) it regulates and identifies standards for the behaviour of individuals and groups through codes of conduct (including interests, conflicts of interest and whistleblowing), protocols and standing orders.

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

- a) the elements which define the Council's internal organisation, standing orders, financial regulations, schemes of delegation and terms of reference, procedures covering Cabinet

# Agenda Item 10

and Scrutiny, Risk Management and Codes of Business and Personal Conduct – for Members and Officers (parts 3-9);

- b) working practices which supplement these formal rules (Part 10);
- c) The Framework of Corporate Guidance, which includes other Devon County Council strategies and plans (Part 11).

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

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

The Council is committed to involving the community in setting its priorities, enabling citizens to raise matters with and convey their concerns to the Council and to considering the needs of all groups in the community and promoting democratic understanding and participation. The Council's Constitution provides that framework and is underpinned by relevant policies and practices through the Council's website (e.g. consultations, feedback, and public participation).

## **Review of Effectiveness**

The County Council's Constitution has been in force since 2002 and is regularly reviewed (by the Council's Procedures and Standards Committees, as appropriate). The [Constitution](#) is published on the County Council's website.

Over the last three years there have been, via the Procedures Committee, numerous amendments to the Constitution. These included a change to the Code of Business Conduct; it was proposed that the chart which showed how elements of the code were arranged were updated to remove and/or replace obsolete elements, for example the Financial Standards Manual which now formed part of, and was embedded into, financial regulations on a section by section basis.

A proposal of a parental leave policy for Members of the Council as a means of supporting those with caring and parental responsibilities and also to encourage more individuals from a range of backgrounds to stand for election was approved in April 2019.

Also, in 2019 was a fundamental review of the Scheme of Delegation and then subsequently the sub delegations by Chief Officers and Heads of Service to other officers within their service area.

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

## **The Council**

The Council currently comprises of 60 members, meeting together as the full Council for specific purposes, to decide the Council's overall policies and set the budget each year. Meetings of the Council and its Committees are normally open to the public. The Council appoints the Leader and Deputy Leader, Scrutiny Committees, the Standards Committee and all other Committees. The Council receives the minutes of committees and has power to vary or refer back decisions which are outside established policy. From time to time it also debates issues of particular relevance or topicality for the County.

The roles and responsibilities of the Council, as well as its Cabinet and non-Cabinet Members are set out more fully in Articles 2 and 4 of the Constitution and in Part 3 (Responsibility for Functions). These have been regularly reviewed and revised since the County Council elections in 2017 and are themselves balanced by the Codes of Personal Conduct set out at Part 6 of the Constitution.

## **The Cabinet**

The Cabinet is the part of the Council responsible for most day-to-day decisions. It is made up of a Leader and Cabinet Members appointed by the Leader from amongst the membership of the Council. When major decisions (key decisions) are to be discussed or made, these are published in the Cabinet's Forward Plan in so far as they can be foreseen.

The Constitution, under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, outlines rule 7.0 (General Exception) and rule 8.0 (Special Urgency) procedures for decision making. Rule 7 would need to be applied if it was impracticable to delay a decision which the Cabinet had defined as a key decision until the date fixed for its determination and rule 8, if by virtue of the date by which a decision must be taken Rule 7.0 (general exception) cannot be followed, for example the required notice period (28 days) before the meeting at which the matter is to be considered and also if the matter is to be considered in private.

In both cases, notice of that agreement shall be published at the Council's offices and alongside the agenda item on the website.

These major (key) decisions will be taken with Council officers present at meetings of the Cabinet which will be open to the public except where personal or confidential information is discussed in line with the Council's Access to Information Rules (Part 4 of the Constitution). The Cabinet has to make decisions which are in line with the Council's overall policies and budget. If it wishes to make a decision which is outside the budget or policy framework, this matter must be referred to the full Council to decide.

## **The Scrutiny Function**

Scrutiny supports the work of the Cabinet and the Council as a whole. Scrutiny looks at the effectiveness of the Council's own policies and those of the NHS and inquire into matters of local concern. These investigations lead to reports and recommendations which advise the Cabinet and the Council on its policies, budget and service provision. Scrutiny Committees also monitor the Cabinet's decisions. They may "call-in" a decision which has been made by the Cabinet but not yet implemented. This enables them to consider whether the decision is appropriate, and they may recommend that the Cabinet reconsiders it. They may also be consulted by the Cabinet or the Council on forthcoming decisions and the development of policy or service delivery. Scrutiny has an important role in ensuring that the voice of the people of Devon are heard in policy development and delivery.

The Health and Adult Care Scrutiny Committee has responsibilities conferred by the Local Authority (Public Health, Health and Wellbeing Boards and Health Scrutiny) Regulations 2013 for Scrutiny of any matter relating to the planning, provision and operation of the health service in Devon and the requirement to independently review and comment on Health Providers Quality

# Agenda Item 10

Accounts. This includes the delegated responsibility for a referral to the Secretary of State for Health on exceptional changes where they are deemed not in the best interests of the people of Devon. The powers also include the monitoring of the function and activity of the Devon Health & Wellbeing Board and its statutory responsibilities for the Joint Health & Wellbeing Strategy, the Joint Strategic Needs Assessment and the Pharmaceutical Needs Assessment.

This year also saw the much-anticipated publication of the Statutory Scrutiny Guidance on the 7th May. Devon gave evidence into the original Select Committee consideration and had input to the drafting of the statutory guidance. The Devon Scrutiny Symposium was held in time for the findings to be sent to MHCLG in their compilation of evidence and final conclusions. Whilst Scrutiny at Devon is well regarded, the publication of this guidance offered the opportunity to review of current practice and be even more ambitious in the pursuit of quality scrutiny. The substance of the guidance was analysed against current practice at Devon and presented to the Chairs and Vice Chairs group and Procedures Committee from which an action plan was developed to ensure that Devon Scrutiny was compliant and as effective as possible. The Chairs and Vice Chairs group continues to monitor the action plan, the substantive points as follows:

1. Continue to embed a strong culture in support of Scrutiny
2. Promote the value and impact of scrutiny
3. Planning work for maximum impact
4. Quality evidence gathering sessions to inform Policy Development

Following the 2017 Elections, it was resolved that three Scrutiny Committees (Children's / Health & Adult Care / Corporate Infrastructure and Regulatory Services) would replace the former Place / People's / Health & Wellbeing / Corporate Services Scrutiny Committees. The Scrutiny Budget process was also reviewed, and the Council agreed that the Joint Budget Scrutiny Meeting be no longer held, but the Corporate Infrastructure and Regulatory Services Scrutiny Committee undertaking its overview function in this regard.

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

It is widely acknowledged that, to be effective, call-ins must be used only in exceptional circumstances, sparingly and appropriately. In the year in question there were no call-ins.

Reflecting the Council's approach to the commissioning of services, Scrutiny continues to exercise influence through asking questions about delivery mechanisms, quality, monitoring, safety and responsiveness as an appreciative inquiry where problems are analysed and understood as a precursor to improvement and change rather than punitive action. To strengthen Scrutiny engagement in commissioning processes and commissioned services, the Scrutiny Commissioning Liaison Members continue to review planned commissioning activity, and undertake individual investigations where appropriate, reporting back to Scrutiny Committees to inform their work programme.

Scrutiny activity over the last year has continued apace with a variety of reviews. Community concerns around local policing have been seen with the work undertaken on the Impact of Changes to Local Policing Spotlight Review. Four task groups have been held to respond to, pressures on Carers, Special Guardianships, EHCPs and highways concerns on speed. Concerns around Food Waste were also addressed in a Spotlight Review. Health and Adult Care Scrutiny has through the last year had a key role influencing the emerging Integrated Care System and the development of a Long-Term Plan for Devon. Many Councillors have also taken part in the comprehensive programme of visits to frontline services, furthering their understanding and improving the quality of critical friend questioning.



The work of Devon Scrutiny has been held up as best practice amongst peers on several occasions. This includes the Head of Scrutiny being invited to speak to the Annual Centre for Public Scrutiny Conference and the Chair of the CIRS Scrutiny Committee speaking to an LGA conference on the Scrutiny work undertaken on problem gambling. Numerous lobbying activities have taken place to Government including:

- \* writing to the Under Secretary for Sport encouraging him to do more to tackle problem gambling including giving more funds to public health.
- \* Tackling the Government on its approach to Covid-19 and support for adult social care
- \* Request fairer funding for Devon's schools
- \* Speeding up legal provision for special guardians

The Cabinet and Leadership Team remain appreciative of the work undertaken by the Scrutiny Committees and acknowledge that it has made a major contribution to the work of the Council, especially in areas where detailed objective research and analysis needed to be done. A summary of the impact of Scrutiny during the year is presented to the County Council yearly in an [Annual Scrutiny Report](#).

## **Organisational Performance**

The impact of the Government's reform of the public realm and local government finances continues to influence the Council's current and future performance.

In February 2020, it was resolved that the Council sign the Prevention Concordat for better mental health and recognises and commits to support The Every Mind Matters campaign.

The Council has continued upon a 'purposeful systems' transformation approach, *Doing What Matters*.

The Council also agreed the following significant actions, specific policy changes or revised strategic objectives during 2019/20 which will impact on future performance:

- a) the Treasury Management Strategy 2019/20 - 2021/22 and Prudential Indicators 2019/20 - 2023/24;
- b) Devon County Council's Updated Corporate Energy and Carbon Strategy which declares Devon County Council will be carbon neutral by 2030;
- c) the Admission & Education Transport Policies for 2019-20 and 2020-21;
- d) the Medium Term Financial Strategy 2020/21 - 2023/23;
- e) approval of the 2020/21 Flood Risk Management Action Plan; and
- f) Transport Capital Programme 2020/2021 and 2021/2022.

## **The Standards Committee**

The Standards Committee continued to exercise its role in monitoring complaints and standards. The Committee acts as champion (and guardian) of the Council's ethical standards and is responsible for promoting / maintaining high standards of conduct by both elected and co-opted Members of the Council. At the heart of the Committee's work are the [Nolan principles of public life](#).

# Agenda Item 10

The Standards Committee met 4 times in 2019/20 and its work during the year is set out more fully in its [Annual Report](#). A total of 7 complaints were received under the Members Code of Conduct alleging breaches of the Code. There was 1 case where a formal investigation was required. For this case, the outcome was heard by the Committee in July 2019, who determined there had been a breach of the Code of Conduct in relation to 4(a) and 5(h), but not 5(c) of the Code of Conduct. The Committee agreed sanctions that the Subject Member issue a formal and robust apology to the complainants, that training be organised focusing particularly on anger management and the use and knowledge of Council processes and that the Subject Member did not participate in the Council's Spotlight Review until such times that the agreed actions had been undertaken.

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

Co-opted Members of the Committee continue to attend other meetings of the Council, Cabinet and other Committees, selected at random, to monitor and observe compliance with the Council's Governance Framework and behaviours, reporting back to the Standards Committee. There were no reports of any specific actions or behaviours that might be felt to have resulted in a potential breach of the Code or warranted further action.

All Devon County Councillors have now undergone the Disclosure and Barring Service check process and a list is published on the website as agreed by the Council following a recommendation from the Audit Committee.

Members also determined that an amendment be made to the Councillor complaints process to ensure that a subject member (who had a complaint made against them and the matter proceeded to a full investigation) had the right to see both the draft report and the final report and the opportunity to comment and their feedback be presented to the Standards Committee.

The Committee considered the Report 'Local Government Ethical Standards - A Review by the Committee in Public Life' and had previously submitted a response to the Consultation. A number of the recommendations (26 in total) involved legislative change which would be a matter for Government to implement.

The Committee considered the results of a fourth Ethical Governance Survey. The majority of responses to each question were positive. The Committee also welcomed the qualitative responses received which again appeared to give reassurance in terms of good standards of Governance.

The Committee will also consider a draft of the proposed new Model Code of Conduct, submitting any comments to the Local Government Association. The new Code is eagerly awaited, as it will be the first redraft of the current Code for a number of years.

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

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

The Audit Committee continues to review separately, and on a regular basis, progress with and implementation of any recommendations made in Audit Reports into specific areas of activity to ensure they have been adhered to and appropriate management action taken. It also reviews the Council's Risk Management Strategy and Registers on a regular basis.

The Annual Audit Letter (for the year ended 31 March 2019) from the Council's external auditors, confirmed that the accounts had been produced to a good standard with an excellent level of support provided by the Council's Finance Team.

The Devon Audit Partnership was established by the Council in conjunction with Plymouth City and Torbay Councils in 2009 to provide shared internal audit services (as a means of improving services through joint working and maximising efficiencies and economies of scale). Mid Devon District Council and Torridge District Council have subsequently joined the Partnership. South Hams District Council and West Devon Borough Council have subsequently become non-voting partners of the Partnership. In November 2019 it was agreed that North Devon District Council would become a member of the Partnership from 1 April 2020.

The Devon Audit Partnership currently undertakes audit work for a number of District Councils, Devon and Somerset Fire and Rescue Service, Devon and Cornwall Police, the University of Plymouth and many other public authorities and plans to continue expanding on their work with external partners. The Partnership and democratic arrangements are functioning well and will continue to be reviewed.

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

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

## **Devon Pension Board**

The Pension Board, which was established in 2015/16, is required to ensure that the Devon Pension Fund is managed and administered effectively and efficiently and to ensure that it complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator. The Devon Pension Board (comprising employer and fund representatives with an independent member) has met six times in total and twice in the past financial year. The operation of the Board will be kept under review.

A summary of the Board's activities and deliberations over the period in question had been included in the [Devon Pension Fund's Annual Report and Accounts 2018/19](#) (and the action taken by the Fund/Fund Manager as a consequence) in scrutinising and satisfying itself with the operation and management of the Fund during that period.

## **Engagement and Participation**

The County Council has always prided itself on the work it does, over and above statutory consultations, to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the Council. Examples of this are the Council's Communications Strategy, the Devon Voice (Residents Panel), Devon Parent Carers Voice, and the Tough Choices events held by the Leader of the Council across the County as part of a wider exercise by the County Council to consult and involve local people in determining the Council's budgets and priorities. The [Have your say](#) consultation pages allow views to be gathered on service specific proposals and provide opportunity for local people to shape their local services.

## **Public Participation**

Those who live and work in Devon have a number of direct opportunities to [participate](#) in the Council's decision-making process which are explained in more detail in the Access to Information Procedure Rules in Part 4 of the Council's Constitution and in addition to being available to attend meetings and lobby Councillors in the normal way may also ask questions at meetings of the County Council or the Cabinet and make representations at the County Council and a number of other Committees of the Council, including Scrutiny Committees.

# Agenda Item 10

## Governance Issues

The COVID-19 Pandemic has created an unprecedented situation for the County Council and is having a huge impact on its residents, communities and local businesses. Of most immediate concern is the impact on the elderly and most vulnerable. In order to respond effectively to the rapidly changing situation, a Pandemic Incident Management Team has been set up, which includes representation from across the Council, including Public Health, Social Care, Emergency Planning and the Economy team.

Much of the Council's staff are now working from home. It has become more important than ever that the technology available must be embraced and alternative ways to carry on DCC business must be used.

Both the Cabinet, Scrutiny and other important council meetings are to be managed using video conferencing technology, in line with the recently issued [Local Authorities and Police and Crime Panels \(Coronavirus\) \(Flexibility of Local Authority and Police and Crime Panel Meetings\) \(England and Wales\) Regulations 2020](#).

In 2019/20 the Council set the Revenue Budget for 2020/21, the Medium Term Financial Strategy to 2023/24 and the Capital Strategy 2020/21 to 2024/25, including an assessment of the adequacy of reserves, a range of prudential indicators concerning the financial implications of the capital programme and an impact assessment that identified risks associated with the budget strategy, together with how the risks would be managed.

The challenging financial situation justifies the continuing focus on treasury management practices. The County Council's treasury management practices are soundly based on the principle that when balancing risk and return the security and liquidity of an investment is given a higher priority than the yield.

The Council also regularly reviews and updates its Investment Strategy and its Treasury Management Policy and Practices to ensure that they reflect best practice guidance as issued by CIPFA. The Treasury Management Stewardship Annual Report for 2018/19 had not identified any issues to highlight. No new long-term borrowing was undertaken during 2019/20 and it was not envisaged that any new long-term borrowing will be required over the next three-year period but this will be reviewed annually. The report confirmed that investment income targets had been achieved and all lending had been carried out in accordance with the Council's Treasury Management Strategy.

## Conclusion

The preparation of the Budget for 2020/21 had been set by the detailed assessment of the risks associated with each budget and the goals and objectives of the Council. The Cabinet was assured that the Budget was an effective and balanced Budget which could be commended to the Council. The increased Revenue Spending Targets for 2020/21 now totalled £541.2 millions which represented an increase of £11.3 millions on the December Targets and an increase of £43.1 millions or 8.7% on 2019/20.

It must be noted that the COVID-19 Pandemic has created a level of uncertainty on the Council's budget. It is difficult at this stage to determine the impact this will have across DCC's business.

After 9 years of reductions in Government funding, core funding is increased by 1.6% (CPI inflation). Furthermore, there is an additional £14 million of Government funding for Social Care and the Adult Social Care Precept has extended to a further 2% available in 2020/21.

2020/21 was hoped to be the first year of a new multi-year settlement that would contain the outcome of the Fairer Funding Review, the Business Rates reset and 75% or 100% Business Rates Retention, but this had not happened.

The target budget for Adult Care & Health had increased by £7.7 millions, for Children's Services an increase of £2.5 million. The increased Targets also included £60,000 for additional legal support within Corporate Services and £1 million within Highways, Infrastructure and Waste to help with drainage issues on the Highway network.

The Council's Leadership Team (Chief Officers and Heads of Service) has confirmed that the organisational, financial, compliance and operational key controls referred to in the Annual Governance Statement and the accompanying schedule continue to be appropriate and that statements of internal control supported the content of this Statement; having operated, effectively, during the financial year. Sundry issues identified in the AGS will be relevant and actioned as appropriate over the coming year. All necessary monitoring and/or implementation of key issues identified in the previous AGS have or are continuing to be addressed.

The Council is satisfied that the governance arrangements can and do provide a high level of assurance, that the arrangements continue to be regarded as fit for purpose and that its governance structures reflect the core and sub-principles of the Statement.

The Council formally places on record and expresses its appreciation to all staff and partners for their continuing commitment to the delivery of high quality services for the people of Devon throughout this period. The spirit and ethos of good governance cannot be achieved by rules and procedures alone. It is vital that shared values that are integrated into the culture of an organisation and are reflected in behaviour and policy, as a hallmark of good governance.

## **Certification**

In light of the aforementioned and the reviews of the effectiveness of the governance framework undertaken by the Cabinet, the Standards Committee, the Audit Committee, the Investment & Pension Fund Committee and by Scrutiny Committees and the plans, as summarised above, to address weaknesses and ensure continuous improvement of systems is in place. We will over the coming year continue to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

**Signed**.....

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

**Signed**.....

Chief Executive, on behalf of Devon County Council,

28 July 2020.



| CORE PRINCIPLES AND SUB-PRINCIPLES OF GOOD GOVERNANCE                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Core Principles<br><i>[Acting in the public interest requires a commitment to and effective arrangements for...]</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Sub Principles<br><i>[Behaviours and actions that demonstrate good governance in practice are ...]</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | The County Council's Governance Framework/Internal Control Systems                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <p><b>A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b></p> <p>Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.</p> | <p><b>Behaving with integrity</b></p> <p>Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organization.</p> <p>Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles).</p> <p>Leading by example and using the above standard operating principles or values as a framework for decision making and other actions.</p> <p>Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively.</p> <p><b>Demonstrating strong commitment to ethical values</b></p> <p>Seeking to establish, monitor and maintain the organisation's ethical standards and performance.</p> <p>Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation.</p> <p>Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values.</p> <p>Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with ethical standards expected by the organisation.</p> <p><b>Respecting the rule of law</b></p> <p>Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations.</p> <p>Creating the conditions to ensure that the statutory officers, other key post holders, and members, are able to fulfil their responsibilities in accordance with</p> | <p>The Constitution which is used as a basis for Corporate and service planning and performance agreements. It sets out how the Council operates, how decisions are made and procedures followed to ensure that these are efficient, transparent &amp; accountable to local people.</p> <p>It contains Articles which set out the basic rules governing all aspects of the working of the Council (Part 2), elements which define the Council's internal organisation, standing orders, financial regulations, schemes of delegation and terms of reference, procedures covering Cabinet and Scrutiny, risk management and codes of conduct (Parts 3–9) and documents which focus on the Council's external operation through service delivery, community engagement and partnership working (Part 11).</p> <p>The Constitution sets out the principles of decision making, the decisions that may be taken by the Council, the Cabinet, or the Health &amp; Wellbeing Board and the terms of reference of the Council's Committees and delegations to Members and Officers. Article 12 (Part 2 of the Constitution) and the Budget and Policy Framework Rules provide that the Monitoring Officer and Chief Financial Officers have a duty to ensure lawfulness and fairness of decision making.</p> <p>The <a href="#">Constitution and Policies</a> available on its website contain:</p> <ul style="list-style-type: none"> <li>▪ a Good Practice Guide on outlining Best Practice.</li> <li>▪ Whistle blowing</li> <li>▪ Codes of Personal Conduct applicable to Members and Officers.</li> <li>▪ Details of arrangements for Local determination of complaints in line with revised standards arrangements and in consultation with the Independent Person appointed under the Localism Act 2011.</li> <li>▪ Complaints procedures (Officers)</li> <li>▪ Anti-fraud and anti-corruption policy</li> <li>▪ Equality Policy</li> <li>▪ Zero Tolerance to Hate Campaign</li> </ul> <p>Members Code of Conduct set out at Part 6 of</p> |



|                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                           | <p>legislative and regulatory requirements.</p> <p>Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders.</p> <p>Dealing with breaches of legal and regulatory provisions effectively.</p> <p>Ensuring corruption and misuse are dealt with effectively.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <p>the Constitution together with other relevant Personal Codes of Conduct gives clear guidance.</p> <p>As part of induction process for the Council the Monitoring Officer provides training on the Council's Constitution, the Ethical Framework and the Code of Conduct including and Members Interests; with refresher training provided on a regular basis thereafter.</p> <p>All County Councillors undergo Disclosure and Barring Service Checks.</p> <p>All County Councillors are reminded annually to review/refresh their General Declaration.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <p><b>B. Ensuring openness and comprehensive stakeholder engagement</b></p> <p>Local government is run for the public good, organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.</p> | <p><b>Openness</b></p> <p>Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness.</p> <p>Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided.</p> <p>Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear.</p> <p>Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action.</p> <p><b>Engaging comprehensively with institutional stakeholders</b></p> <p><i>[NB institutional stakeholders are the other organisations that local government needs to work with to improve services and outcomes (such as commercial partners and suppliers as well as other public or third sector organisations) or organisations to which they are accountable].</i></p> <p>Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably.</p> <p>Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively.</p> <p>Ensuring that partnerships are based on trust, a shared commitment to change,</p> | <p>The Constitution set out the Council's rules and procedures for decision-making and the policy and budget frameworks, including the Cabinet and Scrutiny Procedure rules, access to information and public participation rules.</p> <p>Standing orders, codes of conduct and financial regulations well established and publicised throughout the Council.</p> <p>Access to Information and Public Participation rules contained in the Constitution (Part 4).</p> <p>All meetings of the Council, the Cabinet and Committees are normally held in public in accordance with the Council's Access to Information Procedures Rules and Agenda, Minutes &amp; Reports of all Council, Cabinet &amp; Committee meetings are publicly available in line with legislation.</p> <p>Article 12 (Part 2 of the Constitution) and the Budget and Policy Framework Rules provide that the Monitoring Officer and Chief Financial Officers have a duty to ensure lawfulness and fairness of decision making.</p> <p>The Summary and Explanation to the Constitution summarises the rights of members of the public as amplified throughout this statement.</p> <p>The Constitution has been regularly revised to take account of the provisions of the Local Government and Public Health Involvement Act 2007 in relation to <i>Strong Leader</i> and right of Member to put items on a scrutiny agenda or any other Committee. Amendments consequent of the provisions of the Local Democracy, Economic Development &amp; Construction Act 2009 being brought into force will necessarily be made as required. Similarly, the impact of the Localism Act and Health is reflected in the Council's governance arrangements.</p> <p>Part 9 of the Constitution identifies joint arrangements entered into with other local authorities and their scope. Part 11 of the</p> |



|  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <p>culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit.</p> <p><b>Engaging with individual citizens and service users effectively</b></p> <p>Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes.</p> <p>Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement.</p> <p>Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs.</p> <p>Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account.</p> <p>Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity.</p> <p>Taking account of the impact of decisions on future generations of tax payers and service users.</p> <p>Effective engagement requires good communication, trust and respect. Further</p> | <p>Constitution focuses and identifies those external operations conducted through service delivery, community engagement and partnership working. The statutory and non-statutory partnerships listed in part 11 enable and support the Council to discharge its duties and responsibilities. They include the Devon Climate Emergency Response Group, Integrated Care System for health and care, Devon Health and Wellbeing Board, Heart of the South West Joint Committee and Natural Devon.</p> <p>The Annual Budget booklet outlines financial plans. Outturn report outlines financial performance relative to targets. The Statement of Accounts outlines financial performance in code format.</p> <p>Bi-monthly budget monitoring reports to Cabinet.</p> <p>Engaging Devon is the Council's aimed at securing two-way communications and bringing the Council closer to the people of Devon.</p> <p>Consultations. The <a href="#">Have your say</a> webpages - helping to shape services across Devon.</p> <p>DCC promotes/engages actively with community through:</p> <ul style="list-style-type: none"> <li>• Elections</li> <li>• Democracy week</li> <li>• Devon Voice (Residents Panel)</li> <li>• Devon UK Youth Parliament Team</li> <li>• Devon Senior Voice Meet the Leader 'Tough Choices' Roadshows</li> <li>• Budget Consultations with business community, representatives of young people and older people, the voluntary sector and Trades Unions.</li> <li>• The adoption of a purposeful systems approach with <i>Doing What Matters</i> as part of understanding better what matters to citizens so that they can live their lives well.</li> <li>• DCC <a href="#">Feedback policy</a> available at all DCC premises.</li> <li>• Webcasting meetings of the Council, Cabinet, Scrutiny and other major committees.</li> </ul> <p>Articles and Part 3 of the Constitution clearly outline roles and responsibilities of Members and Officers.</p> <p>Meetings of the Council, the Cabinet and committees are held in public in accordance</p> |
|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                              | <p>that there is clarity about whom the County Council is engaging with and to what ends. Ensuring that views are listened to, thought about and acted upon. Communicating what the Council is going to do as a result – as part of a ‘You Said, We Did’ way of working.</p> <p>To give local people and communities more influence and control over local services and to help develop a culture that supports equal opportunities for everyone to have their say and to be engaged.</p> | <p>with the Council’s Access to Information Procedures Rules and Agenda. Minutes and reports of all Council, Cabinet, Committee meetings, Health &amp; Wellbeing Board and Cabinet Member decisions are publicly available in line with legislation.</p> <p>All reports to committees are required to demonstrate equality, legal, financial, environmental, risk management and public health considerations.</p> <p><a href="#">Better Together - Devon 2014 - 2020</a> was developed in conjunction with partners and interested bodies and in light of public consultation and approved by the Council / Cabinet, as are other DCC policy documents and plans. These are reviewed regularly. Priorities in <i>Better Together</i> are included in the Medium-Term Financial Strategy.</p> <p>JSNA, Health and Wellbeing Strategy and Pharmaceutical Needs Assessment approved by Health and Wellbeing Board.</p> <p>Parts 5, 9 and 11 of Constitution refer to partnership working. Part 5 of the Constitution (Financial Regulations) lays down principles for financial management for partnership arrangements, joint ventures and pooled budgets. Part 9 of the Constitution identifies those joint arrangements with other Devon local authorities.</p> <p>Detailed post entry induction process designed for all Members after quadrennial elections, with ongoing training provided for Members over the life of the Council.</p> <p>DCC has twice secured Charter Plus accreditation through the Charter for Member Development developed by the IDeA and the Regional Employers Organisation.</p> |
| <p><b>C. Defining outcomes in terms of sustainable economic, social, and environmental benefits</b></p> <p>The long-term nature and impact of many of local government’s responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation’s</p> | <p><b>Defining outcomes</b></p> <p>Having a clear vision, which is an agreed formal statement of the organisation’s purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation’s overall strategy, planning and other decisions.</p> <p>Specifying the intended impact on, or</p>                                                                                                                                          | <p><a href="#">Better Together - Devon 2014 - 2020</a> aims and objectives are reflected in the Council’s Corporate Plans and Medium-Term Financial Strategy.</p> <p>The Council has continued upon a ‘purposeful systems’ transformation approach, Doing What Matters.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

|                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.</p> | <p>changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer.</p> <p>Delivering defined outcomes on a sustainable basis within the resources that will be available.</p> <p>Identifying and managing risks to the achievement of outcomes.</p> <p>Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available.</p> <p><b>Sustainable economic, social and environmental benefits</b></p> <p>Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision.</p> <p>Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints.</p> <p>Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs.</p> <p>Ensuring fair access to services.</p> | <p>The Councils Code of Business Conduct (Part 5 of the Constitution) also sets out financial protocols to be adopted for partnership arrangements, joint ventures and/or pooled budgets.</p> <p>Performance reporting to Scrutiny – operational and management of risks.</p> <p>Medium-Term Financial Plan forecasts service pressures in future years.</p> <p>The Council must demonstrate it has exercised its Public Sector Equality Duty to highlight any significant implications for the Council's commitment to equality and either <u>confirm</u> that – and how – the policy/scheme will promote equality of opportunity/good community relations and that it will be monitored regularly <u>and/or</u> highlight any action to be taken to reduce any inequality/adverse impact that cannot be justified.</p> <p>To that end a full <u>Impact Assessment</u> or other form of options/project management appraisal that achieves the same objective must be completed for new or refreshed policies, strategies or projects, indicating what impact it has on equality issues etc (in the official jargon 'on the protected characteristics of the Equality Act 2010).</p> |
| <p><b>D. Determining the interventions necessary to optimise the achievement of the intended outcomes</b></p> <p>Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically</p>                                     | <p><b>Determining interventions</b></p> <p>Ensuring decision makers receive objective and rigorous analysis of options indicating how intended outcomes would be achieved and associated risks. Therefore, ensuring best value is achieved however services are provided.</p> <p>Considering feedback from citizens and service users when making decisions about service improvements or where services</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <p>The County Council's Corporate Communications Strategy aims to provide a framework to ensure that the Council's work is supported by dynamic and two-way communications and brings the Council closer to the people of Devon (e.g. feedback, consultations, public participation).</p> <p>Article 12 (Part 2 of the Constitution) and the Budget and Policy Framework Rules provide</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.</p> | <p>are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts.</p> <p><b>Planning interventions</b></p> <p>Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets.</p> <p>Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered.</p> <p>Considering and monitoring risks facing each partner when working collaboratively, including shared risks.</p> <p>Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances.</p> <p>Establishing appropriate key performance indicators as part of the planning process in order to identify how the performance of services and projects is to be measured.</p> <p>Ensuring capacity exists to generate the information required to review service quality regularly.</p> <p>Preparing budgets in accordance with objectives, strategies and the Medium-Term Financial Plan.</p> <p>Informing medium and long-term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy.</p> | <p>that the Monitoring Officer and Chief Financial Officers have a duty to ensure lawfulness and fairness of decision making.</p> <p>A revised, streamlined, senior management organisational structure to better reflect the Council's approach to organisational change over the coming years, to respond to challenges facing it and position the Council to focus on its future strategic commissioning responsibilities.</p> <p>The Engaging Devon Strategy brings together engagement activities across the Council to oversee, plan, and improve quality. Alongside a programme of engagement activity carried out by, for, or with the Council.</p> <p>In response to increased commissioning activity within the County Council, each Scrutiny Committee appointed a 'Commissioning Liaison Member'. The role of this Member is to work closely with the relevant Cabinet Members and Heads of Service, developing a fuller understanding of commissioning processes, and provide a link between Cabinet and Scrutiny on commissioning and commissioned services.</p> <p>Scrutiny Committees receive a list of all upcoming commissioning activity relevant to their Committee and have the opportunity to put forward any of these pieces of commissioning activity to be looked at in more detail at their next Scrutiny Committee meeting and/or through a Task Group investigation.</p> <p>Council contracts with external providers, with a value of more than £100,000 will include a clause requiring the provider to attend the Council's Scrutiny Committees and Cabinet at the reasonable request of the Council. In addition, the Council has also written to its most significant current service providers inviting a representative to attend future meetings of Scrutiny Committees at the request of Scrutiny Members, and to respond to questions on service delivery or performance.</p> |
| <p><b>E. Developing the entity's capacity, including the capability of its leadership and the individuals within it</b></p> <p>Local government needs appropriate structures and leadership, as well as people with the right skills, qualifications and mind-set, to operate efficiently and effectively and achieve intended outcomes within the specified periods. A local</p>                                                                                  | <p><b>Developing the entity's capacity</b></p> <p>Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness.</p> <p>Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently.</p> <p>Recognising the benefits of partnerships</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <p>Part 3 of Constitution (endorsed by Procedures Committee), outlines the Council's approve scheme of delegation (reviewed in full in 2019) – to Members and Officers as amended – reflecting statutory provisions and periodic changes as and when required.</p> <p>Articles and Part 8 of the Constitution set out the roles and accountabilities of Officers and Members.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.</p> | <p>and collaborative working where added value can be achieved.</p> <p>Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources.</p> <p><b>Developing the capability of the entity's leadership and other individuals</b></p> <p>Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained.</p> <p>Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body.</p> <p>Ensuring the leader and the Chief Executive have clearly defined and distinctive leadership roles within a structure whereby the Chief Executive leads in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority.</p> <p>Developing the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged.</p> <p>Ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they can update their knowledge on a continuing basis.</p> <p>Ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from</p> | <p>Members Job Profiles are set out at Part 6 of the Constitution and were reviewed for incorporation in development of Members Personal Development Plans following the 2017 elections and the new cohort of Members.</p> <p>The County Council's <a href="#">HR Policies</a>.</p> <p>Detailed Job Descriptions exist for all staff at all levels and for Members (Parts 6 of Constitution).</p> <p>While no formal protocol exists, in terms of the relationship between the Chief Executive and Leader the process effectively starts with appointment process.</p> <p>The Chief Executive's appraisal is undertaken by Group Leaders.</p> <p>Senior Management Structure and Leadership Team Charter revised in 2016 but continues to inspire conversations and actions around positive leadership behaviour.</p> <p>Articles and Part 8 of the Constitution set out the roles and accountabilities of Officers – specifically of statutory officers - and Members.</p> <p>Part 6 of Constitution contains Member/Officer Protocol, and other codes of personal conduct supplemented by Working Practices (Part 10 of Constitution) as endorsed by Procedures Committee.</p> <p>The Council has appointed an Appointments, Remuneration and Chief Officer Conduct Committee to make recommendations to the Council on pay and remuneration of Chief Officers to ensure decisions on pay and rewards are taken in an accountable and transparent manner, and to review annually the Council's Pay Policy Statement as required by the Localism Act 2012.</p> <p>Ongoing training provided for Members over life of Council and where required specific training provided to enable Members to serve on Committees (e.g. Audit, Development Management, Devon Pension Board).</p> <p>DCC Member Development Strategy being developed with Member Development Group alongside Members Personal Development Plans to identify areas where Members need training).</p> <p>DCC has twice secured Charter Plus accreditation through the Charter for Member Development developed by the IDeA and the Regional Employers Organisation in line with</p> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|



|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <p>governance weaknesses both internal and external.</p> <p>Ensuring that there are structures in place to encourage public participation.</p> <p>Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections.</p> <p>Holding staff to account through regular performance reviews which take account of training or development needs.</p> <p>Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <p>the Council's Member Development Policy.</p> <p>Regular monitoring reports to Council's Procedures Committee.</p> <p>External Assessment and Peer Group Reviews.</p> <p>Annual appraisals process for officers to identify training and development needs.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <p><b>F. Managing risks and performance through robust internal control and strong public financial management</b></p> <p>Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision-making activities.</p> <p>A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.</p> <p>It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.</p> | <p><b>Managing risk</b></p> <p>Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making.</p> <p>Implementing robust and integrated risk management arrangements and ensuring that they are working effectively.</p> <p>Ensuring that responsibilities for managing individual risks are clearly allocated.</p> <p><b>Managing performance</b></p> <p>Monitoring service delivery effectively including planning, specification, execution and independent post implementation review.</p> <p>Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook.</p> <p>Ensuring an effective scrutiny or oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible.</p> <p>Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement.</p> <p>Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements).</p> <p><b>Robust internal control</b></p> <p>Aligning the risk management strategy and</p> | <p>Scrutiny Committees receive regular performance monitoring reports in addition to their more general role to review implementation of the Council's policies and consider scope for change/new policy.</p> <p>Whistleblowing policy outlined in Part 5 of the Constitution – Code of Business Conduct.</p> <p>Policy Statement on Proper Conduct of Business Introduction contained in Part 5 of the Constitution (Code of Business Practice).</p> <p>Value for money and performance is reflected on the Council's Performance Plans and reviewed in particular through:</p> <ul style="list-style-type: none"> <li>• Organisation Performance Plan's.</li> <li>• External Inspection &amp; Assessment</li> <li>• Annual Budget Consultations.</li> </ul> <p>Community Roadshows undertaken by the Leader of the Council since 2009, as part of a wider exercise by the County Council to consult and involve local people in helping to decide future priorities.</p> <p>Scrutiny function.</p> <p>Benchmark data.</p> <p>Financial systems, Internal and external audit and external inspection and assessment.</p> <p>Regular review of Performance Indicators by Leadership Team and Scrutiny Committees.</p> <p>Article 7 (Part 2 of the Constitution and the Scrutiny Procedure Rule (Part 4 of the Constitution) sets out the principles and practices of the scrutiny process, supplemented by a protocol for relationships and communications between the Cabinet and Scrutiny Committees and the Council's Working Practices (Part 10 of the Constitution).</p> |

|  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <p>policies on internal control with achieving objectives.</p> <p>Evaluating and monitoring risk management and internal control on a regular basis.</p> <p>Ensuring effective counter fraud and anti-corruption arrangements are in place.</p> <p>Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor.</p> <p>Ensuring an audit committee or equivalent group/ function, which is independent of the executive and accountable to the governing body: provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment that its recommendations are listened to and acted upon.</p> <p><b>Managing data</b></p> <p>Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data.</p> <p>Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring.</p> <p><b>Strong public financial management</b></p> <p>Ensuring financial management supports both long-term achievement of outcomes and short-term financial and operational performance.</p> <p>Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls.</p> | <p>Annual Scrutiny Report submitted to County Council.</p> <p>The Council has an Investment &amp; Pension Fund Committee delegated with responsibility to approve accounts of Devon Pension Fund.</p> <p>The Council has a Devon Pension Board which assists the Administering Authority/Scheme Manager in:</p> <p>(a) securing compliance with the LGPS regulations and other legislation relating to the governance and administration of the LGPS;</p> <p>(b) securing compliance with requirements imposed in relation to the LGPS by the Pensions Regulator;</p> <p>(c) such other matters as the LGPS regulations may specify.</p> <p>An Audit Committee comprises members independent of the Cabinet and Scrutiny Committees. It is constituted in line with COPRA recommendations and training provided to members on relevant issues e.g. Risk. AGS, Code of Practice, Statement of Accounts.</p> |
|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability</b></p> <p>Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.</p> | <p><b>Implementing good practice in transparency</b></p> <p>Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate.</p> <p>Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand.</p> <p><b>Implementing good practices in reporting</b></p> <p>Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way.</p> <p>Ensuring members and senior management own the results reported.</p> <p>Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the Annual Governance Statement).</p> <p>Ensuring that this Framework is applied to jointly managed or shared service organisations as appropriate.</p> <p>Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations.</p> <p><b>Assurance and effective accountability</b></p> <p>Ensuring that recommendations for corrective action made by external audit are acted upon.</p> <p>Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon.</p> <p>Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations. Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the Annual Governance Statement.</p> <p>Ensuring that when working in partnership,</p> | <p>The Constitution set out the Council's rules and procedures for decision-making and the policy and budget frameworks, including the Cabinet and Scrutiny procedure rules, access to information and public participation rules.</p> <p>Following every quadrennial election, an induction process allows for the Monitoring Officer to provide training on the Council's Constitution and Ethical Framework.</p> <p>The Council has achieved Level III of the Equality Standard for Local Government and has signed up to the <a href="#">Devon Joint Declaration for Equality</a>.</p> <p>The Council's Fair-Trade status has been renewed for the 11th time.</p> <p>The County Council has achieved compliance with the International Standard on Information security (ISO27001) which defines a management system that provides robust policies and procedures that will help give assurances to the public and our partners that the information it holds will be kept secure.</p> <p>The outcomes of the three Ethical Governance surveys undertaken by Members and Senior Officers have been published by the Council's Standards Committee.</p> <p>Staff Surveys have included appropriate questions to determine the views and opinions.</p> <p>Customer Feedback Policy and <a href="#">Complaints / Feedback</a> pages.</p> <p>All services are responsible for investigating and responding to complaints at Stage 1 and 2 of the complaints procedure. The responsibility for Stage 2 investigations is now with Business Strategy and Support – Customer Relations Manager. There is no longer a Stage 3 process.</p> <p>The Council has an exemplary record of inviting Peer Group Reviews of services and governance arrangements on a regular basis.</p> <p>The Standards Committee's independent, co-opted, members attend meetings of the Council, the Cabinet and other committees on an ad-hoc basis to observe and monitor compliance with the Council's ethical governance framework, in line with the agreed protocol.</p> <p>DCC Annual Risk Assessment was approved by the Audit Committee. The Audit Committee receives regular reports on application of Council's Risk Management Plan.</p> <p>Reports to Cabinet and Committees recognise need to consider risk management issues and take appropriate action.</p> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|



|  |                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|--|----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <p>arrangements for accountability are clear and the need for wider public accountability is recognised and met.</p> | <p>Para C of Financial Regulations outlines requirements of Risk Management and Control of Resources.</p> <p>Principles for partnership working enshrined in Constitution (Part 11). In addition to the provisions of the Councils Code of Business Conduct &amp; Financial Regulation (Part 5 of the Constitution) a number of clearly defined agreements/protocols exist such as:</p> <ul style="list-style-type: none"> <li>• Devon Children, Young People and Families Plan.</li> <li>• Devon Children and Families Partnership</li> <li>• Corporate Energy and Carbon Strategy</li> <li>• Protocol of Joint Appointments.</li> <li>• Devon Audit Partnership.</li> </ul> <p>Partnership working is integral to the Council's operations, both service specific and more general partnerships. Work is continuing to ensure effective governance, engagement and political leadership in such partnerships including accountability of staff who support these partnerships. For each partnership there will be a protocol which gives:</p> <ul style="list-style-type: none"> <li>▪ A clear statement of the partnership principles and objectives.</li> <li>▪ Clarity of each partner's role within the partnership.</li> <li>▪ Definition of roles of partnership board members.</li> <li>▪ Line management responsibilities for staff who support the partnership.</li> </ul> <p>A statement of funding sources for joint projects and clear accountability for proper financial administration.</p> <p><u>The Growth Support Programme</u> webpages set out the requirements for preparation of funding bids for businesses in the Heart of the South West region.</p> <p>The Heart of the South West Local Enterprise Partnership is a platform for funding applications; with some funding streams being entirely dependent on LEPs administering them, and others having potential advantage should they be supported by the LEP, such as European funding.</p> |
|--|----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|



## Audit Committee - Annual Plan

| Committee Date   | Item                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Responsible Officer                                                                                                                                                                                                                                  |
|------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 20 February 2020 | <ul style="list-style-type: none"> <li>External Audit Plan– Devon County Council 2019/20</li> <li>External Audit Plan - Devon Pension Fund 2019/20</li> <li>External Audit Update</li> <li>Internal Audit Plan 2020/21</li> <li>Audit Strategy 2020/21</li> <li>Audit Charter 2020/21</li> <li>Transformation Masterclass</li> </ul>                                                                                                                                               | <ul style="list-style-type: none"> <li>Grant Thornton</li> <li>Grant Thornton</li> <li>Grant Thornton</li> <li>County Treasurer</li> <li>County Treasurer</li> <li>County Treasurer</li> <li>County Treasurer</li> <li>Doing What Matters</li> </ul> |
| 14 May 2020      | <ul style="list-style-type: none"> <li>MEETING CANCELED</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                      |
| 28 July 2020     | <ul style="list-style-type: none"> <li>Addendum to external audit plan for the County Council to reflect the implications of Covid-19</li> <li>Addendum to external audit plan for the Pension Fund to reflect the implications of Covid-19</li> <li>External Audit Update</li> <li>Risk Management Annual Report 2020/21</li> <li>Control Environment for Devon County Council</li> <li>Annual Internal Audit Report 2020/21</li> <li>Annual Governance Statement 2020</li> </ul> | <ul style="list-style-type: none"> <li>Grant Thornton</li> <li>Grant Thornton</li> <li>Grant Thornton</li> <li>County Treasurer</li> <li>County Treasurer</li> <li>County Treasurer</li> <li>Leadership Group</li> </ul>                             |
| 03 November 2020 | <ul style="list-style-type: none"> <li>Internal Audit Half Year Report 2020/21</li> <li>Internal Audit Follow-Up Report</li> <li>2020/21 Risk Management Mid-Year Update</li> <li>Statement of Accounts &amp; Annual Governance Statement 2019/20</li> </ul>                                                                                                                                                                                                                       | <ul style="list-style-type: none"> <li>County Treasurer</li> <li>County Treasurer</li> <li>County Treasurer</li> <li>County Treasurer</li> </ul>                                                                                                     |

# Agenda Item 11

| Committee Date | Item                                                                                                                                                                                                           | Responsible Officer                                                                                                |
|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|
|                | <ul style="list-style-type: none"><li>• Audit Findings Report for Devon County Council 2019/120</li><li>• Audit Findings Report for Devon Pension Fund 2019/20</li><li>• Annual Audit Letter 2019/20</li></ul> | <ul style="list-style-type: none"><li>• Grant Thornton</li><li>• Grant Thornton</li><li>• Grant Thornton</li></ul> |