

South Hams Audit and Governance Committee



Title:	Agenda						
Date:	Thursday, 6th July, 2023						
Time:	3.30 pm						
Venue:	Council Chamber - Follaton House						
Full Members:	<p style="text-align: center;">Chairman Cllr Bonham</p> <p style="text-align: center;">Vice Chairman Cllr Nix</p> <p><i>Members:</i></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 33%;">Cllr Dennis</td> <td style="width: 33%;">Cllr Presswell</td> </tr> <tr> <td>Cllr Hancock</td> <td>Cllr Rake</td> </tr> <tr> <td>Cllr Oram</td> <td>Cllr Yardy</td> </tr> </table>	Cllr Dennis	Cllr Presswell	Cllr Hancock	Cllr Rake	Cllr Oram	Cllr Yardy
Cllr Dennis	Cllr Presswell						
Cllr Hancock	Cllr Rake						
Cllr Oram	Cllr Yardy						
Interests – Declaration and Restriction on Participation:	Members are reminded of their responsibility to declare any disclosable pecuniary interest not entered in the Authority's register or local non pecuniary interest which they have in any item of business on the agenda (subject to the exception for sensitive information) and to leave the meeting prior to discussion and voting on an item in which they have a disclosable pecuniary interest.						
Committee administrator:	Democratic.Services@swdevon.gov.uk						

1. Minutes	1 - 8
To approve as a correct record the minutes of the Audit Committee held on 9 March 2023	
2. Urgent Business	
Brought forward at the discretion of the Chairman;	
3. Division of Agenda	
To consider whether the discussion of any item of business is likely to lead to the disclosure of exempt information;	
4. Declarations of Interest	
In accordance with the Code of Conduct, Members are invited to declare any Disclosable Pecuniary Interests, Other Registerable Interests and Non-Registerable Interests including the nature and extent of such interests they may have in any items to be considered at this meeting;	
5. Grant Thornton Sector Update Report and Update on the 2022/23 Audit Process	9 - 18
6. Review of the Internal Audit Plan for 2023-24	19 - 44
7. Strategic Risk Update -June 2023	45 - 62
8. Audit Committee Workplan 2023/24	63 - 64

**MINUTES OF A MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE
HELD IN THE COUNCIL CHAMBER, FOLLATON HOUSE, PLYMOUTH ROAD,
TOTNES ON THURSDAY, 9 MARCH 2023**

Members in attendance			
* Denotes attendance			
∅ Denotes apology for absence			
*	Cllr L Austen (Chairman)	*	Cllr R Rowe
∅	Cllr J Brazil	*	Cllr B Spencer (Vice-Chairman)
*	Cllr J McKay	*	Cllr B Taylor
*	Cllr J T Pennington		

Member(s) also in attendance:
Cllrs H D Bastone; N Hopwood (via Teams) and J Pearce

Item No	Minute Ref No below refers	Officers and Visitors in attendance
All Items		Section 151 Officer; Director – Strategy & Governance; Head of Finance; Democratic Services Manager; Assistant Director – Strategy & Organisational Development (via Teams); Internal Audit Manager; Principal Accountants (via Teams); Principal Auditor (via Teams) and External Auditor (via Teams).

AG.32/22 MINUTES

The minutes of the Audit and Governance Committee meeting held on 24 November 2022 were confirmed as a true and correct record.

AG.33/22 DECLARATIONS OF INTEREST

Members and officers were invited to declare any interests in the items of business to be considered during the course of the meeting, but there were none made.

AG.34/22 GRANT THORNTON AUDIT PROGRESS REPORT AND SECTOR UPDATE

The Committee considered a paper from Grant Thornton that provided a progress update on delivering their responsibilities as the Council's External Auditors.

In discussion, the overriding focus of the debate was on the delay to the Financial Statements Audit for 2022/23. In particular, the Committee noted that Grant Thornton representatives had informed the Council that that the Audit fieldwork would be delayed due to their audit resourcing shortages. As a result, the audit opinion would be delivered after the September 2023 publication date.

Whilst appreciating the recruitment challenges, Members expressed their serious concerns over the delay and additional recommendations were therefore **PROPOSED** and **SECONDED** that sought to reflect their disappointment. These additional recommendations read as follows:

2. *that serious concerns be expressed about Grant Thornton's ability to deliver the promised external audit service in a timely fashion and in particular to provide audited accounts before the national target date for audited accounts of the end of September 2023. Their continued staffing problems should not be used as an excuse for less than satisfactory service standards.*
3. *that these delays will cause SHDC considerable additional work and are likely to mean that we will suffer adverse reputational risk as our Accounts will not be audited by the target date of September 2023.*
4. *that at the next meeting Grant Thornton be asked to present a detailed plan, including time scales, showing what actions they propose to take to restore an acceptable level of service and to address their shortage of experienced audit staff.*

In the consequent debate, reference was made to:

- the negative reputational impact on the Council. In addition, the delay was considered to be particularly unfair on Council officers;
- Grant Thornton representatives being unable to confirm that there would not be any further delays;
- the situation being particularly galling given the substantial increase in Audit fees that the Council was now required to pay;
- the wish of Members to see a detailed Action Plan from Grant Thornton at the next Audit & Governance Committee meeting;
- the amount of required fieldwork for local authority audits was felt to be wholly disproportionate.

It was then:

RESOLVED

1. That the contents of the Grant Thornton Audit Progress Report and Sector Update be noted.

2. That serious concerns be expressed about Grant Thornton's ability to deliver the promised external audit service in a timely fashion and in particular to provide audited accounts before the national target date for audited accounts of the end of September 2023. Their continued staffing problems should not be used as an excuse for less than satisfactory service standards.
3. That these delays will cause SHDC considerable additional work and are likely to mean that we will suffer adverse reputational risk as our Accounts will not be audited by the target date of September 2023.
4. That, at the next meeting, Grant Thornton be asked to present a detailed plan, including time scales, showing what actions they propose to take to restore an acceptable level of service and to address their shortage of experienced audit staff.

AG.35/22 **PROPOSED INTERNAL AUDIT PLAN FOR 2023-24**

The Leader presented a report which sought to provide Members the opportunity to review and comment upon the proposed internal audit plan for 2023/24.

In discussion, a request was made for Committee Members to be sent a copy of the four-year Audit Plan for their information and reference. In reply, officers committed to sending a copy to Members outside of this Meeting.

It was then:

RESOLVED

That the proposed Internal Audit Plan for 2023-24 (as set out at Appendix A of the presented agenda report) be approved.

AG.36/22 **UPDATE ON PROGRESS ON THE 2022-23 INTERNAL AUDIT PLAN**

Consideration was given to a report that updated Members on progress made against the Internal Audit Plan for 2022-23.

In discussion, the following points were raised:

- (a) With regard to customer satisfaction, the Committee noted that the Team had received no recent returns. As a result, officers were committed to placing greater emphasis on obtaining feedback from audits;

- (b) By way of an update to the Corporate Strategy and Performance Management audit, officers confirmed that a suite of Key Performance Indicators were now formally reported to both the Executive and the Overview & Scrutiny Committee.

It was then:

RESOLVED

That the progress made against the 2022/23 internal audit plan, and any key issues arising be noted and approved.

AG.37/22 **2023/24 CAPITAL STRATEGY, 2023/24 TREASURY MANAGEMENT STRATEGY AND 2023/24 INVESTMENT STRATEGY**

Members reviewed a report that outlined the proposed Capital Strategy, Treasury Management Strategy, and the Investment Strategy for the 2023/24 financial year.

In discussion, officers confirmed the intention for this matter to be presented to the Full Council meeting on 30 March 2023 as a standalone agenda item.

It was then:

RECOMMENDED

That Council be **RECOMMENDED** to:

1. approve the 2023/24:
 - Capital Strategy (as attached at Appendix A of the published agenda report);
 - Treasury Management Strategy (as attached at Appendix B of the published agenda report); and
 - Investment Strategy (as attached at Appendix C of the published agenda report); and
2. delegate authority to the Section 151 Officer, in consultation with the Leader of the Council and the lead Executive Member for Finance, to make any minor amendments to these Strategies if required throughout the 2023/24 Financial Year.

AG.38/22 **BUDGET BOOK 2023/24**

Consideration was given to a report that set out the Council's Revenue Budget for the year which had been detailed into the four Directorates of Customer Service and Delivery; Place and Enterprise; Governance and Assurance; and Strategic Finance.

During discussion, reference was made to:

- (a) the Council's Treasury Management activities. The Committee acknowledged that officers monitored the Council's Treasury Management activities on a daily basis and it was anticipated that the Council would generate £1 million through this means for 2022/23. In response, Members wishes to formally put on record their thanks to those lead officers for Treasury Management;
- (b) cost centres being allocated mid-year to different Directorates. When questioned, officers confirmed that, to ensure accuracy of reporting lines, any such moves would be accounted for during the year by a virement;
- (c) the use of landline telephones. A Member questioned as to why the Council was spending almost £40,000 per annum on landline telephones. In response, the Section 151 Officer stated that this would be for the core infrastructure for telephony e.g. the contact centre.

It was then:

RESOLVED

That the content of the Budget Book for 2023/24 be noted.

AG.39/22 **SHARED SERVICES METHODOLOGY 2022/23**

The Deputy Leader outlined the report that explained the methodology for apportionment of costs between South Hams District and West Devon Borough Councils. The majority of the costs related to staffing costs. It was noted that the change in the apportionment relating to the Waste and Recycling Service resulted from the Service returning to the Council's control from October 2022.

In discussion, Members were informed that an equivalent version of this report was to be considered by the Audit & Governance Committee at West Devon Borough Council on 14 March 2023.

It was then:

RESOLVED

That the methodology of the shared services apportionment of costs between South Hams District Council and West Devon Borough Council for 2022/23, as shown in Appendix A of the presented agenda report, be noted.

AG.40/22 TREASURY MANAGEMENT MID-YEAR REVIEW

Members considered a report that set out the Council's annual Treasury Management Mid-Year Review.

In discussion, it was acknowledged that Treasury Management had been debated during consideration of the Council's Budget Book (Minute AG.38/22 above refers).

It was then:

RESOLVED

That the contents of the report be endorsed.

AG.41/22 STRATEGIC RISK REGISTER

In accordance with the Risk and Opportunity Management Strategy adopted by Council in 2018, the Audit Committee was presented with a report that formed the required bi-annual update.

In discussion, the risks associated with the all-out local elections in May 2023 were recognised.

It was then:

RESOLVED

1. That the six-monthly strategic risk update as set out in Appendix A of the published agenda report has been reviewed; and
2. That it be noted that officers would review and update the Council's Risk and Opportunity Management Strategy with a revised draft to be considered by the Committee at its next meeting.

AG.42/22 SUNDRY DEBT

Consideration was given to a report that provided Members with an update of the position of Sundry Debt and Housing Benefits Overpayments up to 31 January 2023.

In discussion, a Member questioned what benchmarking was undertaken against the housing benefit overpayment debt levels across other local authorities in the county. In reply, it was agreed that officers would be tasked with contacting their local counterparts in order to draw comparisons, with the results of this task then being included as part of the next published Committee report.

It was then:

RESOLVED

That the position in relation to Sundry Debt be noted.

AG.43/22 **CHAIRMAN'S CONCLUDING REMARKS**

As this was anticipated to be the last Committee meeting of the 2022/23 Municipal Year, the Chairman thanked all Members and the lead officers for their commitment and diligence during the last four years of this Council administration.

(Meeting commenced at 2:00 pm and concluded at 3.20 pm)

Chairman

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South Hams District Council Audit Progress Report and Sector Update

July 2023



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Sector Update	05

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 planning 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 the Authority or all 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.

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Introduction

Your key Grant Thornton team members are:

[Jackson Murray](#)

Key Audit Partner

E Jackson.Murray@uk.gt.com

[Oliver Durbin](#)

Manager title

E Oliver.J.Durbin@uk.gt.com

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

The paper also includes a summary of emerging national issues and developments that may be relevant to you as a local authority.

Members of the Audit and Governance 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 <https://www.grantthornton.co.uk/en/services/public-sector-services/>

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 July 2023

Financial Statements Audit

We notified the March 2023 Audit and Governance Committee that the 2022/23 financial statement audit for the Council would be delayed due to a shortage of Grant Thornton audit staff, meaning that the audit opinion would not be available by the 30 September 2023 publication date for audited accounts.

Local Authority accounts and audit delays have been discussed at previous Committees and have also been subject to significant national consideration and reporting. In 2020 Sir Tony Redmond published his report into the effectiveness of external audit and transparency of financial reporting in local authorities which highlighted some of the structural and sector-wide issues within the Local Audit market – [Local authority financial reporting and external audit: independent review - GOV.UK \(www.gov.uk\)](#)

Earlier this year the National Audit Office also published a report on the timeliness of local auditor reporting on local government in England - [Progress update: Timeliness of local auditor reporting on local government in England - National Audit Office \(NAO\) report](#)

Grant Thornton's report on audit delays is summarised on pages 6 and 7 of this report, which also set out the national performance and that of Grant Thornton over the last six financial years.

The reasons for the national delays are numerous, and there are no simple solutions. Increasing complexity of accounting standards and arrangements at Local Authorities, increased audit expectations and workloads in response to regulatory challenge, reducing quality of draft accounts and knowledge and staff shortages are some of the reasons for the delays. Public Sector Audit Appointments reported in December 2022 that over 630 audit opinions were outstanding and hence late. It is recognised that a sector-wide solution is required to reduce delays and backlogs, and this will be a key role for the Audit, Reporting and Governance Authority when this is created. We have not noted a reduction in the quality of the draft accounts at South Hams District Council, or staff shortages.

We have been notified by the finance team at South Hams District Council that the draft Statement of Accounts for 2022/23 will be published on 30 June 2023. This is a month earlier than the 2021/22 year, where the deadline for publication was 31 July 2022. A publication date of 30 June 2023 is a month after the Government's statutory deadline of publishing draft accounts by 31 May 2023. This follows sector reporting that just 37% of Local Authorities had published their draft 2022/23 accounts by the statutory deadline of 31 May 2023. The Council has published a notice on its website stating that this is mainly due to the demand on staff time resolving complex technical matters such as the impact of the triennial pension valuation data on IAS19 Employee Benefits (pensions accounting), which has a material impact on the accounts. It is a requirement of the legislation to publish this notice when draft accounts are not published by the deadline. The Council will also be required to publish an audit delay notice prior to 30 September 2023.

We continue to work with Officers with respect to timing of the 2022/23 audit. Once the Council publishes its draft financial statements we will seek to begin our preliminary work and checks however we do not expect the detailed audit work to begin until the end of 2023 at the earliest. The Audit and Governance Committee's workplan has our Audit Findings Report planned for the 7 March 2024 meeting. Our Audit Plan will be presented to the Audit and Governance Committee's meeting planned for 28 September 2023.

Sector Update

Authorities continue to try 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 local government sector 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:

A teal rectangular button with the text "Public Sector" in white.

Public Sector

A purple rectangular button with the text "Local government" in white.

Local
government

Delayed publication of audited local authority accounts

In December 2022 there were over 600 local audit opinions outstanding. This means that many stakeholders can't rely on audited accounts to inform decision making – a significant risk for governance and control.

Local authority accounts are becoming increasingly complex as accounting standards evolve and local authorities enter more and more innovative financing arrangements and income generation projects. A significant challenge in managing local audits is the differing needs of various stakeholders. The local government sector, central government and regulators need to agree on the purpose of local audit and find a consensus on improving efficiency in publishing accounts.

Grant Thornton has produced a report that explore the reasons for delayed publication of audited local authority accounts.

Table 1 below illustrates the declining performance against the target date for publication of audited accounts in recent years.

South Hams District Council's audited accounts were published on or before the target date below in all years except 2021/22. In this year, the opinion was delayed due to a national accounting issue related to infrastructure assets. Government introduced a Statutory Instrument in respect of this issue late in 2022 and the audit opinion was issued 31 March 2023.

Table 1 Audited accounts published by target date over the last six years

Financial year	Deadline for publication of unaudited accounts	Target date for publication of audited accounts	% audited accounts published by target date (all firms average)	% audited accounts published by target date (Grant Thornton audits)
2016/17	30 June 2017	30 September 2017	95	97
2017/18	31 May 2018	31 July 2018	87	91
2018/19	31 May 2019	31 July 2019	58	65
2019/20	1 September 2020	30 November 2020	45	54
2020/21	1 August 2021	30 September 2021	9	12
2021/22	1 August 2022	30 November 2022	12	20

About time?

Exploring the reasons for delayed publication of audited local authority accounts

March 2023



Delayed publication of audited local authority accounts

What more can be done?

All key stakeholders in the local audit system will need to continue their efforts to secure improvement and a return to high levels of compliance with timely publication of audited accounts. The report explores several of the causes of delay and steps which might be taken to reduce the incidence of delays.

These steps relate to systems leadership, holding both authorities and auditors to account for their performance, a continued focus on the quality of accounts preparation and audit, and the effective engagement between auditors and audited bodies.

The report makes 20 recommendations for improving timeliness in publishing audited accounts.

The report also sets out a checklist which management and the audit committee should consider. The report recommends DLUHC, CIPFA or the FRC set out expectations for the system as a whole.

[Click here for full report](#)

About time?

Exploring the reasons for delayed publication of audited local authority accounts

March 2023



Local government procurement and contract management

Background

Local authorities in England spend around £82.4 billion a year on goods and services. More than a third of all UK government spending on goods and services is spent in the local government sector¹. Allowing for capital spending as well, the UK public sector procures around £300 billion a year overall.

We reviewed a large number of reports, inspections and interventions issued by a number of firms, including 53 Annual Auditor Reports issued by Grant Thornton UK LLP. To help build on existing good practice, in this report we highlight some common themes for members and officers to consider:

This report considers a selection of issues we identified under each theme and makes recommendations both to local authorities and, in one case, to central government. The report presents a good practice checklist for local authority members and officers to reflect on.

The analysis sets out five key themes for ensuring good practice:

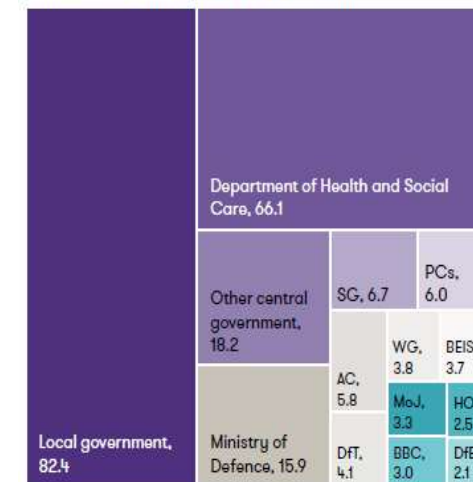
- Strategic planning
- Internal control
- Time, technical expertise, and people
- Commercial awareness
- Contract management

[full report here](#)

More than a third of all UK government spending on goods and services is spent by local government, so it's important councils have effective arrangements for procurement and contract management

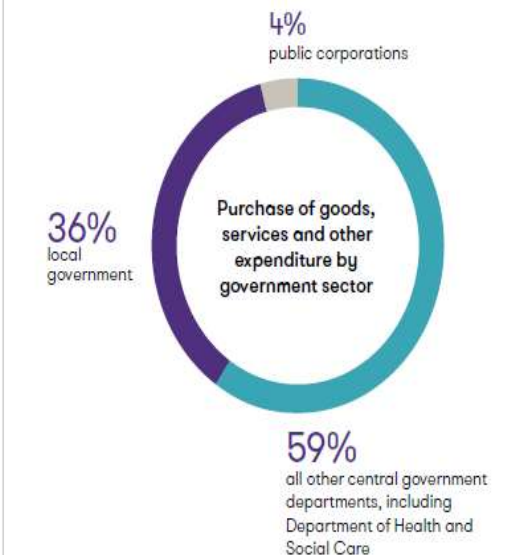
UK public spending

Public spending on goods and services, £ billions – analysis by segment and department²



PCs Other Public Corporations AC Academies
 DfT Department for Transport MoJ Ministry of Justice
 WG Welsh Government BBC British Broadcasting Corporation
 HO Home Office
 DfE Department of Education BEIS Department of Business, Industry Strategy
 SG Scottish Government

Goods, services and other expenditure by segment⁴



¹ HM Treasury, Whole of Government Accounts: year ended 31 March 2020, June 2022

² Cabinet Office, Transforming Public Procurement: Government response to consultation, December 2021

³ HM Treasury, Whole of Government Accounts: year ended 31 March 2020, June 2022

⁴ HM Treasury, Whole of Government Accounts: year ended 31 March 2020, June 2022



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Agenda Item 6

Report to: **Audit and Governance Committee**
Date: **6 July 2023**
Title: **Review of Internal Audit Plan for 2023-24**
Portfolio Area: **Cllr Julian Brazil – Leader of the Council**
Wards Affected: **All**
Urgent Decision: **N** Approval and clearance obtained: **Y**

Author: **Paul Middlemass** Role: **Audit Manager**
Contact: Paul.Middlemass@devon.gov.uk **07736 155687**
Tony.D.Rose@devon.gov.uk **01392 383000**

RECOMMENDATION

It is RECOMMENDED that the Committee re-confirm the proposed Internal Audit Plan for 2023-24 at Appendix A.

1. Executive summary

1.1 The purpose of this report is to provide the new Members of the Audit and Governance Committee with the opportunity to review and comment upon the internal audit plan for 2023/24 which was originally approved by the March 2023 Audit and Governance Committee (Minute reference AG. 35/22).

1.2 The 2023/24 audit plan sets out the proposed audit resource allocated to each audit area, although the plan remains flexible to respond to any changing risks and priorities of the Authority given the significant changes across the public sector and the country.

1.3 At the March 2023 Audit and Governance Committee, Members requested a copy of the four year internal audit plan and this has been included within this report.

2. Background

2.1 All principal Local Authorities, including South Hams District Council, are subject to the Accounts and Audit (England) Regulations 2015, which state:

“A relevant authority must undertake an effective internal audit to evaluate the effectiveness of risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.

2.2 The Public Sector Internal Audit Standards require that the Head of Internal Audit must “establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals”. When completing these plans, the Head of Internal Audit should take account of the organisation’s risk management framework. The plan should be adjusted and reviewed, as necessary, in response to changes in the organisation’s business, risk, operations, programs, systems and controls. The plan must take account of the requirement to produce an internal audit opinion and assurance framework.

2.3 This audit plan has been drawn up, therefore, to enable an opinion to be provided at the end of the 2023/24 year in accordance with the above requirements.

2.4 Whilst South Hams District Council and West Devon Borough Council operate as two unique councils, services are delivered by one integrated organisation. To reflect that shared services working arrangement, the 2023/24 audit plan is presented as one combined plan. Where there are risks or issues that relate specifically to one council and not the other, the audit plan will be varied to include those areas of work as appropriate.

3. Outcomes/outputs

3.1 The focus of the paper in this meeting is on the plan for 2023-24 (Appendix A). This is underpinned by a four-year plan to ensure all core council areas are periodically audited which we have discussed with management (see Appendix B). More significant or important areas are audited more frequently in their period. Member input to the plan is useful to ensure that the audit plan will covering the areas of most concern. That said, the plan will be reviewed and amended in year as required to reflect emerging issues.

4. Options available and consideration of risk

No alternative operation has been considered as the failure to develop a risk-based plan to determine the priorities of internal audit activity which is consistent with the priorities of the organisation would be contravene the Public Sector Internal Audit Standards and the Accounts and Audit Regulations 2015.

5. Proposed Way Forward

On agreement to the plan, we will undertake our audits while agreeing audit timing to ensure our work is delivered at the most appropriate time for the council.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	<p>The Accounts and Audit Regulations 2015 issued by the Secretary of State require every local authority to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards.</p> <p>The work of the internal audit service assists the Council in maintaining high standards of public accountability and probity in the use of public funds. The service has a role in promoting robust service planning, performance monitoring and review throughout the organisation, together with ensuring compliance with the Council's statutory obligations.</p>
Financial	Y	There are no additional or new financial implications arising from this report. The cost of the internal audit team is in line with budget expectations.
Risk	Y	The work of the internal audit service is an intrinsic element of the Council's overall corporate governance, risk management and internal control framework.
Supporting Corporate Strategy	Y	This plan and the work of Internal; Audit supports all of the Council's corporate strategy themes.
Climate Change – Carbon / Biodiversity Impact	Y	<p>None directly arising from this report. The Internal Audit function, managed by Devon Audit Partnership is mindful of the need to minimise travel in completing the internal audit plan. Where possible, desk-top review of documents, and the use of electronic records, is used to support the audit process, although it is inevitable that on-site verification may be required at times.</p> <p>The team use an audit management system (Mki) which enables managerial review to take place remotely, thus also saving the need for travel.</p>
Comprehensive Impact Assessment Implications		
Equality and Diversity	N	There are no specific equality and diversity issues arising from this report.

Safeguarding	N	There are no specific safeguarding issues arising from this report.
Community Safety, Crime and Disorder	N	There are no specific community safety, crime and disorder issues arising from this report.
Health, Safety and Wellbeing	N	There are no specific health, safety and wellbeing issues arising from this report.
Other implications	N	There are no other specific implications arising from this report.

Supporting Information

Appendices:

Appendix A – Internal Audit Plan for 2023-24

Appendix B – Four Year Internal Audit Plan

Background Papers:

None

Internal Audit Plan 2023-24

South Hams Audit & Governance Committee

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Agreed - 9 March 2023

Tony Rose
Head of Audit Partnership

Paul Middlemass
Internal Audit Manager

Introduction

Internal auditing is defined by the Public Sector Internal Audit Standards (PSIAS) which set out the requirements of a 'Board' and of 'senior management'. For the purposes of the internal audit activity within the Council the role of the Board within the Standards is taken by the Council's Audit and Governance Committee and senior management is the Council's Leadership Team.

This Council's Internal Audit Charter formally describes the purpose, authority, and principal responsibilities of the Council's Internal Audit Service, which is provided by the Devon Audit Partnership (DAP) as represented in the audit framework at appendix 1, and the scope of Internal Audit work. The PSIAS refer to the role of "Chief Audit Executive". For the Council this role is fulfilled by the Head of Devon Audit Partnership.

The Audit and Governance Committee, under its Terms of Reference contained in the Council's Constitution, is required to review the Internal Audit Plan to provide assurance on the governance framework (see appendix 2).

Page 24 The Chief Audit Executive is responsible for developing a risk-based plan which considers the organisation's risk management framework, including using risk appetite levels set by management for the different activities or parts of the organisation as represented in appendix 3.

The audit plan represents the proposed internal audit activity for the year and an outline scope of coverage. At the start of each audit the scope is discussed and agreed with management with the view to providing Senior Management and members with assurance on the control framework to manage the risks identified. The plan will remain flexible, and any changes will be agreed formally with management and reported to Audit and Governance Committee.

Expectations of the Audit and Governance Committee for this annual plan

Members are requested to consider:

- the annual governance framework requirements.
- the basis of assessment of the audit work in the proposed plan.
- the resources allocated to meet the plan.
- proposed areas of internal audit coverage in 2023-24.

Following consideration of the above, the Audit and Governance Committee are required to approve the proposed audit plan.

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Development of the Audit Plan

This year's audit plan has been developed through discussions with Senior Management, and consideration of the Council's risk register and plan. It is also informed by previous audit findings, and our awareness of current themes in Devon and elsewhere, such as Climate Change and Homelessness.

Within the plan, we have provided good coverage of Council Corporate risks, and current public sector risks (see appendix 5). Audit coverage for the year is in the region of 436 days compared to 430 planned for 2022/23. To help identify future resource requirements and ensure good coverage of risk areas over the period we maintain an indicative four-year plan, but our focus for this meeting is to agree the audit days for 2023/24. The plan is a combined plan for South Hams and West Devon, but it indicates those audits relevant to each council only.

We have provided coverage of all Corporate Risks and include Follow Up audits for any Limited Assurance opinion audits we provided in 2022/23. We also include audits for areas recently taken back into Council control such as Waste and Recycling.

Audit Plan Summary



Our audit plan is grouped into the different management areas as shown in this chart. Further detail of the audits in each management area are provided in the table

Within the management areas, we identify the following different types of audits:

Key Financial Systems audits focused on the process and systems dealing with most of the Council's income and expenditure and which have a significant impact on the reliability and accuracy of the annual accounts. These include Payroll, Creditors, Main Accounting System, Council Tax, Housing Benefit. This work will provide assurance that core controls continue to be effective despite the changing environment.

Risk based audits, particularly those relating to:

- **Strategic Risk** which has a significant impact on the council.
- **Operational Risk** which may impact on individual service areas.

We have provided indicative days for each audit to show the expected time to complete the audit. However, actual time to deliver may vary depending on the findings, but also other factors such as ease of audit access.

In accordance with the PSIAS, the plan is flexible, to reflect and respond to the changing risks and priorities of the Authority. As a result, it will be regularly reviewed and updated to ensure it remains valid and appropriate. As a minimum, the plan will be reviewed in six months' time to ensure it continues to reflect the key risks and priorities.

Detailed terms of reference will be drawn up and agreed with management prior to the start of each assignment – in this way we can ensure that the key risks to the operation or function are considered during our review.

Other Essential Activity

This includes areas such as Audit Management, support to the National Fraud Initiative and Grant work. Compared to the last two years, we have not put in provision to support Covid-19 grant work, or LAG / LEAF grant work. During 2022/23, auditor resource continued to support this work above what was included in the plan resulting in the requirement to carry over work into 2023/24. We have estimated 20 days for this work.

We also include Audit Management in this area. This is work supporting effective and efficient audit services to the Council and ensuring the internal audit function continues to meet statutory responsibilities. In some instances, this work will result in a direct output (i.e., an audit report) but in other circumstances the output may simply be advice or guidance. It includes:

- Preparing the internal audit plan and monitoring implementation.
- Preparing and presenting monitoring reports to Leadership and the Audit and Governance Committee.
- Assistance with the Annual Governance Statement.
- Liaison with other inspection bodies such as External Audit.
- Financial Regulations Exemptions, and waivers.
- Corporate Governance - Internal Audit has become increasingly involved in corporate governance and strategic issues; this involvement is anticipated to continue.

Fraud Prevention and Detection and Internal Audit Governance

Fraud is a recognised risk area for the public sector and effective counter fraud activity assists in the protection of public funds and accountability. Our Counter Fraud Service continues to support work by the council to identify its fraud risks and consider effectiveness of its controls. To support this the authority is encouraged to agree a separate plan of counter fraud work. Our Counter Fraud service also oversees investigations, instances of suspected fraud and irregularities referred to it by managers and can also carry out testing of systems considered most at risk to fraud. Our services will liaise with the Council to focus resource on identifying and preventing fraud before it happens. This work is informed by the Fraud Strategy for Local Government “Fighting Fraud Locally”, and the publication “Protecting the English Public Purse”. Additional guidance recently introduced by CIPFA, in their ‘Code of practice on managing the risk of fraud and corruption’, and the Home Office ‘UK Anti-Corruption Plan’, are also relevant.

Partnership working with other auditors

We continue to work to develop effective partnership working arrangements between ourselves and other audit agencies where appropriate and beneficial. We participate in a range of internal audit networks, both locally and nationally, which provide for a beneficial exchange of information and practices. This often improves the effectiveness and efficiency of the audit process, through avoidance of instances of “re-inventing the wheel” in new areas of work which have been covered in other authorities.

The most significant partnership working arrangement that we currently have with other auditors continues to be that with the Council’s external auditors (Grant Thornton), One West, and Audit Southwest (Internal Audit for NHS).

Changes to the Plan since its agreement.

Since March 2023, the following amendments have been made:

1. Allocation of approximately four days of one auditor to support review of Council Tax Rebates.
2. The twenty days allowed for completion of the 2022/23 plan have been allocated to:
 - A full review of the Salcombe Harbour.
 - The audit of Comments and Complaints.
 - A review of Project Management.

SHWD Proposed Plan for 2023-24

Customer Services & Delivery

Council	Audit Area	AUDIT	Last Audited	Description	Audit Interval	Indicative Days
S.Hams & W.Devon	Key Financial Systems	Council Tax	2022/23	CORPORATE RISK: COST OF LIVING IMPACT ON SERVICES	Annual	10
S.Hams & W.Devon	Key Financial Systems	Housing Benefits	2022/23	Undertake late summer along with other Revenues reviews.	Annual	10
S.Hams & W.Devon	Key Financial Systems	Business Rates (NDR)	2022/23		Annual	10
S.Hams & W.Devon	Operational Risk	Building Maintenance & Works Commissioning	2021/22 (Limited Assurance); 2022/23 (Limited Assurance)	Further Follow Up audit of Limited Assurance report	2 yearly	10
S.Hams & W.Devon	IT Audit	ICT / Cyber Security Audit	2020/21 Health check; Access Management; 2021/22 Incident and Problem Management; Change Management; Business Continuity and Disaster Recovery: 2022/23 Cyber Security Malware and Ransomware (Reasonable Assurance)	Information asset owners & the processes for identifying/ managing systems users for: Northgate R&Bs, Civica Financials, HR & Payroll, W2, APP. Ascertain which ICT people have access to these systems, including remote access to core infrastructure. Consider back-up & resilience. Are back-up cycles same / different, are they appropriate and resilience – how easy to recover, bring systems back up.	Annual	25

S.Hams & W.Devon	Strategic Risk	Comments & Complaints	2019/20	Corporate system for recognising, recording & responding to comments & complaints.	3 yearly	10
S.Hams Only	Operational Risk	Waste - Household Waste & Recycling Collection	SH 15/16 - Improvement Required SH 17/18 F/U - Good	CORPORATE RISK: DELIVERY OF WASTE & RECYCLING Service brought back in house for SHAMS Aug 2022.	3 yearly	10
West Devon	Operational Risk	Contract Management - Waste & Recycling West Devon	SH 15/16 - Imp Required SH 17/18 F/U - Good	Contract management of this Service.	4 yearly	10
S.Hams Only	Operational Risk	Depots & Stores Control	2019/20 (Improvements Required)	Control of Vehicle, Plant, Fuel, Fuel Cards and Fuel Containers, New software to capture assets - review assets/vehicle/store controls	3 yearly	10
S.Hams & W.Devon	Operational Risk	Grounds Maintenance	2019/20 (Good Standard)	In 16/17 some issues with "ownership" for responsibilities identified - follow-up to check if issues now resolved.GM (incl Cemeteries & Churchyards) Community Parks & Open Spaces	3 yearly	15
S.Hams & W.Devon	Operational Risk	Car Parking	2019/20 (Good Standard)	Including income collection and enforcement	3 yearly	10
CS&D TOTAL DAYS						130

Strategy and Governance

Council	Audit Area	AUDIT	Last Audited	Description	Audit Interval	Indicative Days
S.Hams & W.Devon	Strategic Risk	Corporate Governance	2016/17	Assess compliance with CIPFA Corporate Governance code	3 yearly	15
S.Hams & W.Devon	Strategic Risk	Culture & Ethics	16/17 (Good Assurance)	16/17 review looked to see if the "building blocks" were in place, future reviews likely to need a different slant. Perhaps concentrate on Staff Surveys, development of the organisation, risk appetite, compliance with rules (Constitution).	3 yearly	10
S.Hams & W.Devon	Strategic Risk	Counter Fraud arrangements	2022/23 - Annual Assurance	Annual report on Fraud arrangements	Annual	3
S.Hams & W.Devon	Procurement	Procurement	2022/23 (Limited Assurance)	Follow up of Limited Assurance report. Can include any aspect of procurement including the Sustainability of Significant Suppliers (financial resilience)	3 yearly	10
S.Hams & W.Devon	Operational Risk	Elections / Electoral Registration	Not Known	Arrangements to manage elections	3 yearly	5
S.Hams & W.Devon	Operational Risk	Members - allowances	2018/19	Administration of Members expenses.	3 yearly	6

S.Hams & W.Devon	Strategic Risk	Performance Management inc KIP's & Data Quality	2021/22 (Limited Assurance)	Follow up of Limited Assurance audit. Inc key performance indicators and the quality of source data (data quality). PI's - meaningful, add value, reported accurately, guidance notes.	3 yearly	5
S.Hams & W.Devon	Strategic Risk	Safeguarding	2020/21 (Reasonable Assurance)		2 yearly	10
S.Hams & W.Devon	IT Audit	Social Networking, Communications & Media	2019/20 (Good Standard)	High reputational risk, and important communication tool. Controls on posting on social media.	3 yearly	7
S.Hams & W.Devon	Operational Risk	Travel and Subsistence	2017/18 (Improvements Required)	Compliance with internal policies & HMRC requirements to retain receipts for VAT purposes.	2 yearly	10
S.Hams & W.Devon	Strategic Risk	Recruitment	Not Known	CORPORATE RISK: INADEQUATE STAFFING RESOURCES Includes right to work, DBS checks, checking of professional qualifications.	2 yearly	10
S.Hams & W.Devon	Operational Risk	Health and Safety	2020/21 (Reasonable Assurance)	Safety of staff and public impacted by council work	2 yearly	10
S.Hams & W.Devon	Operational Risk	Planning - Development Management	16/17 (Improvements Required)	Review of the planning process (meeting timescales) and new system (planned for end 23/24 or later).	4 yearly	10
S.Hams & W.Devon	Operational Risk	Insurance Service	2020/21 (Limited Assurance)		4 yearly	7
S&G TOTAL DAYS						118

Finance

Council	Audit Area	AUDIT	Last Audited	Description	Audit Interval	Indicative Days
S.Hams & W.Devon	Key Financial Systems	Creditors	2022/23		Annual	15
S.Hams & W.Devon	Key Financial Systems	Debtors	2022/23		Annual	15
S.Hams & W.Devon	Key Financial Systems	Main Accounting System (inc budgetary control)	2022/23	CORPORATE RISK: ADHERENCE TO MEDIUM TERM FINANCIAL STRATEGY	Annual	15
S.Hams & W.Devon	Key Financial Systems	UK Shared Prosperity Fund	2022/23	Review & sign off of grants paid out from the Shared Prosperity Fund.	Annual	5
Page 32 West Devon	Key Financial Systems	Okehampton Railway Station Levelling Up Fund	Not applicable	Arrangements of DCC & WD to deliver the work commissioned via the Grant etc.	NA	5
S.Hams & W.Devon	Key Financial Systems	Treasury Management	2022/23 (Substantial Assurance)		Annual	5
FINANCE TOTAL DAYS						60

Place and Enterprise

Council	Audit Area	AUDIT	Last Audited	Description	Audit Interval	Indicative Days
S.Hams & W.Devon	Operational Risk	Environmental Services (Health & Safety)	Not Known	Fly tipping, abandoned vehicles, Air quality	2 yearly	8
S.Hams & W.Devon	Operational Risk	Food Safety	2018/19 (Good Standard)		3 yearly	10
S.Hams & W.Devon	Operational Risk	Commercial Properties and Rent	2019/20 (Limited Assurance); 2021/22 (Limited Assurance)	Follow up to Limited Assurance 2021/22 audit	2 yearly	10
S.Hams & W.Devon	Operational Risk	Housing	2020/21 (Limited Assurance) related to Housing Programme	CORPORATE RISK: COST OF LIVING IMPACT ON SERVICES Includes: Housing Strategy & RSL's & Housing Standards	3 yearly	10
S.Hams & W.Devon	Operational Risk	Homelessness	2018/19 (Good Standard)	CORPORATE RISK: HOMES FOR UKRAINE PLACEMENT BREAKDOWNS Includes Homes for Ukraine	3 yearly	10
PLACE & ENTERPRISE TOTAL DAYS						48

Other Essential Activities

Task	Days
Completion of Previous Year Plan (see detail above)	20
Audit Management	30
Annual Internal Audit Report	2
Exemptions from Financial Regulations	3
Grants - LEAF and LAG	0
National Fraud Initiative	5
Contingency, Advice & Emerging Risks	20
TOTAL DAYS	80

Overall Total Days **436**

Appendix 1 - Audit Framework

Internal Audit is a statutory service in the context of The Accounts and Audit (England) Regulations 2015, which state: “A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards (PSIAS) or guidance”.

DAP, through external assessment, demonstrates that it meets the Public Sector Internal Audit Standards (PSIAS).

The Standards require that the Chief Audit Executive must “establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals”. When completing these plans, the Chief Audit Executive should take account of the organisation’s risk management framework. The plan should be adjusted and reviewed, as necessary, in response to changes in the organisation’s business, risk, operations, programs, systems and controls. The plan must take account of the requirement to produce an internal audit opinion and assurance framework.

This audit plan has been drawn up, therefore, to enable an opinion to be provided at the end of the year in accordance with the above requirements.



We will seek opportunity for shared working across member authorities. In shared working Devon Audit Partnership will maximise the effectiveness of operations, sharing learning & best practice, helping each authority develop further to ensure that risk remains suitably managed.

Appendix 2 - Annual Governance Framework Assurance

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.
- 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 is followed to ensure that the governance arrangements remain effective. This will include comment upon.
 - The Authority.
 - Governance Committee.
 - Risk Management.
 - Internal Audit
 - Other reviews / assurance
- Provide confirmation that the Authority complies with CIPFA's recently revised International Framework – Good Governance in the Public Sector. If not, a statement is required stating how other arrangements provide the same level of assurance.



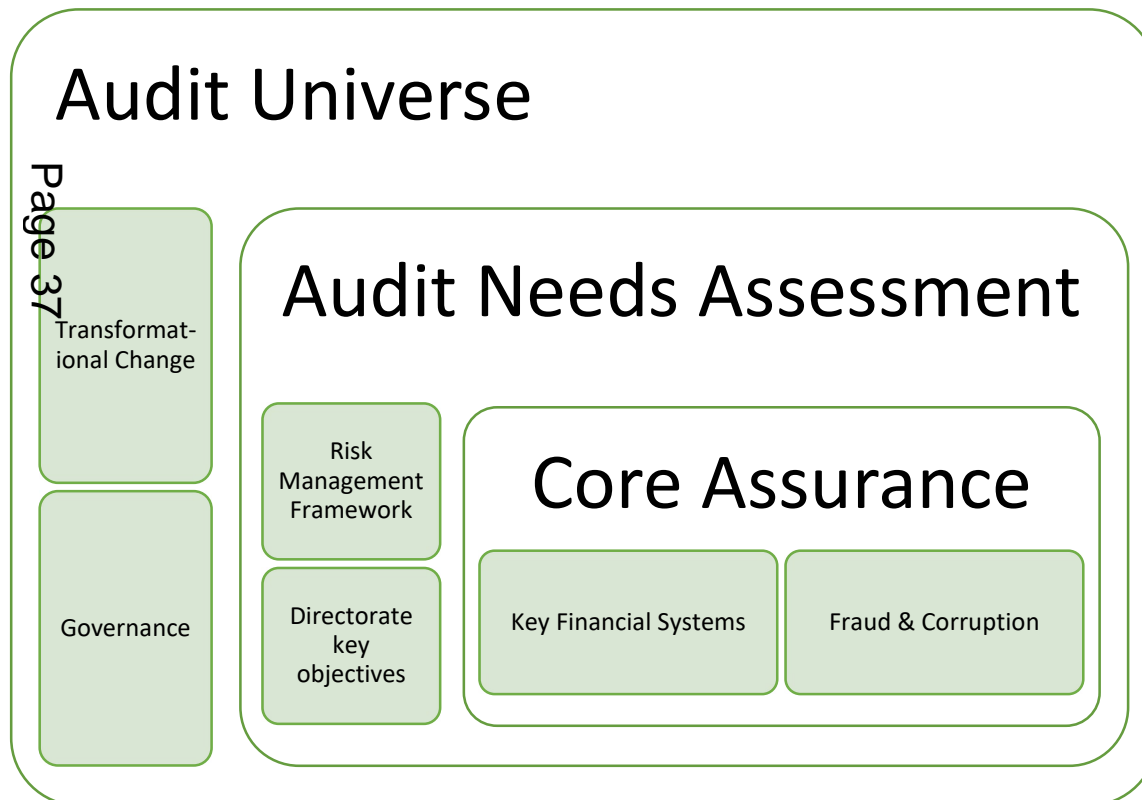
The AGS needs to be presented to, and approved by, the Governance Committee, and then signed by the Chair.

The Committee should satisfy themselves, from the assurances provided by the Annual Governance process, SLT, Internal Audit, and other assurance providers (e.g. Audit South West) that the statement meets statutory requirements.

Appendix 3 - Audit Needs Assessment

Our process to create the audit plan includes discussions with management, review of risk registers, consideration of previous work. We also consider the Audit Universe we maintain for the council. Ultimately, our requirement is to undertake a broad-based audit plan of work that supports provision of an end of year assurance report to support the council's own governance statement.

The result is the Internal Audit Plan set out earlier in this report.



The audit plan for the year plan has been created by:

Consideration of risks identified in the Authority's strategic and operational risk registers

Review and update of the audit universe

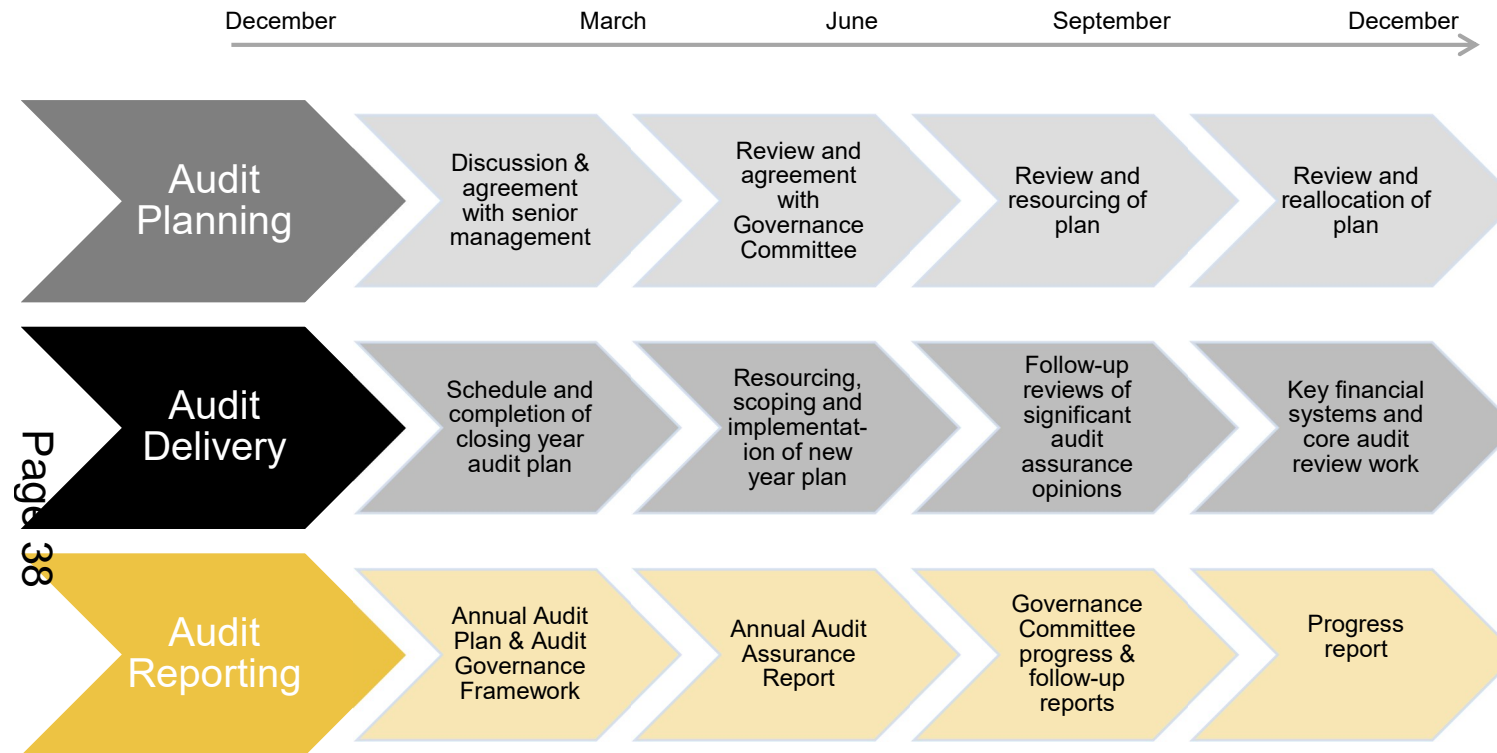
Discussions and liaison with Directors and Senior Officers regarding the risks which threaten the achievement of corporate or service objectives, including changes and / or the introduction of new systems, operations, programs, and corporate initiatives

Taking into account results of previous internal audit reviews

Taking into account Internal Audit's knowledge and experience of the risks facing the Authority, including factors and systems that are key to successful achievement of the Council's delivery plans

Requirements to provide a "collaborative audit" approach with the external auditors

Appendix 4 - Our Audit Team and the Audit Delivery Cycle



Date	Activity
Dec - Feb	Meetings with management to discuss the plan
Mar	Internal Audit Plan presented to Governance Committee
Mar	Internal Audit Governance Arrangements reviewed by Governance Committee
Mar-Apr	Year-end field work completed
April	Annual Performance reports written
May / June	Annual Internal Audit Report presented to Governance Committee
Apr to Mar	Progress Reports presented to each Governance Committee
Dec	Internal Audit Plan preparation commences

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Appendix 5 Sector Risk Model

(Source Institute of Internal Auditors – Risk in Focus 2023)

Key Risk areas:

Cyber security remains the number one concern for almost everyone.

Human Capital – staffing has become more important given manpower shortages.

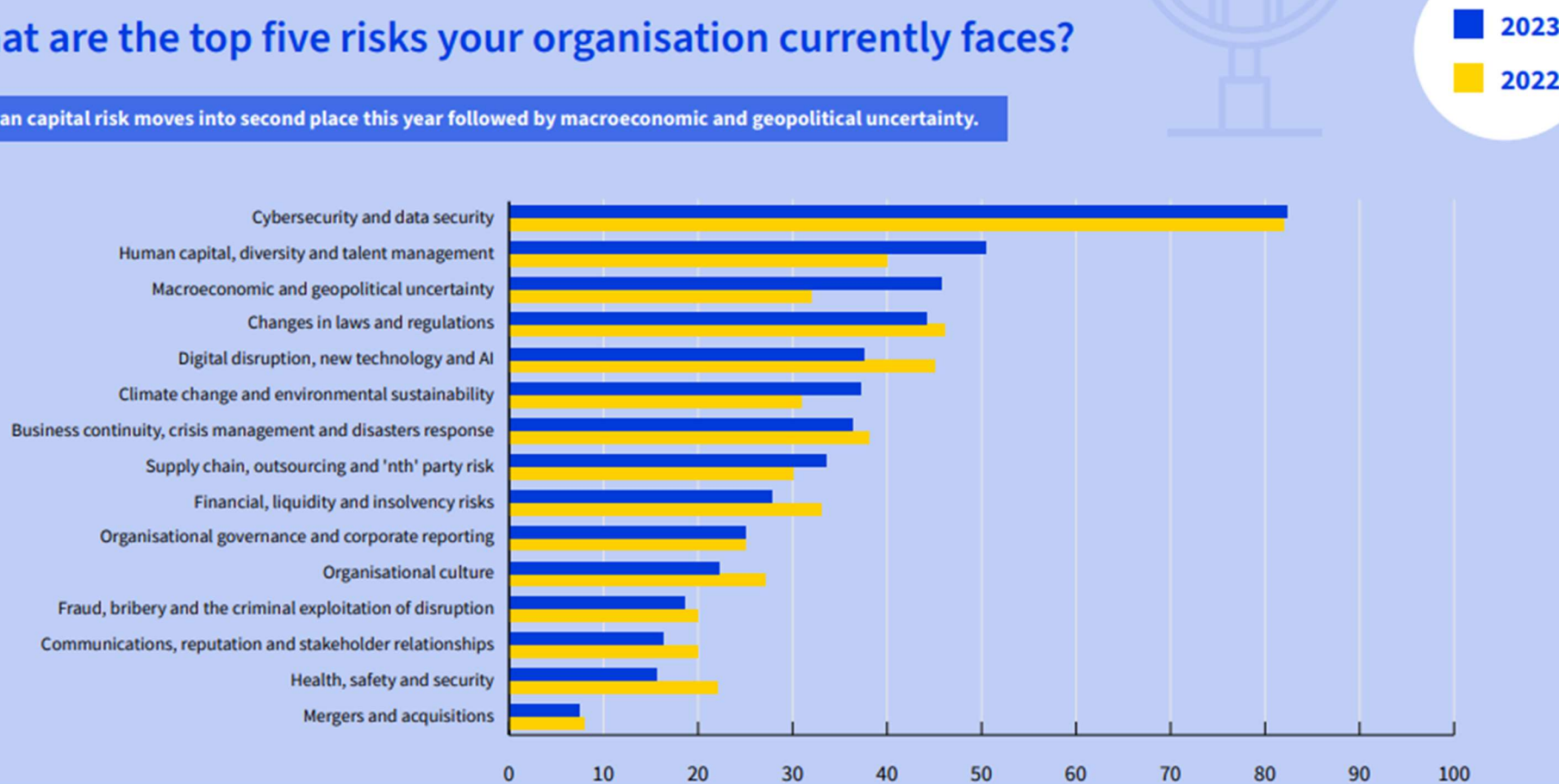
Macroeconomic and geographical uncertainty has also increased in importance, not surprising given the international situation of conflict in Ukraine and tension with China.

Changes in laws and regulations are also important although a slight reduction since last year.

Climate change is increasingly back on the agenda.

What are the top five risks your organisation currently faces?

Human capital risk moves into second place this year followed by macroeconomic and geopolitical uncertainty.



Appendix B - SH&WD Four Year Plan

Customer Services & Delivery									
Council	Audit Area	AUDIT	Last Audited	Description	Audit Interval	Indicative Days	2024/25	2025/26	2026/27
S.Hams & W.Devon	Key Financial Systems	Council Tax	2022/23	RISK: COST OF LIVING IMPACT ON SERVICES	Annual	10	10	10	10
S.Hams & W.Devon	Key Financial Systems	Housing Benefits	2022/23	Undertake late summer along with other Revenues reviews.	Annual	10	10	10	10
S.Hams & W.Devon	Key Financial Systems	Business Rates (NDR)	2022/23		Annual	10	10	10	10
S.Hams & W.Devon	Operational Risk	Building Maintenance & Works Commissioning	2021/22 (Limited Assurance); 2022/23 (Limited Assurance)	Further Follow Up audit of Limited Assurance report	2 yearly	10		10	
S.Hams & W.Devon	IT Audit	ICT / Cyber Security Audit	2020/21 Healthcheck; Access Management; 2021/22 Incident and Problem Management; Change Management; Business Continuity and Disaster Recovery; 2022/23 Cyber Security	Identify information asset owners & the processes in place for identifying/ managing systems users for the following systems; Northgate R&Bs, Civica Financials, HR & Payroll, W2 and APP. Also ascertain of the people in ICT who has what access to these systems, including remote access to core infrastructure. Consider back-up & resilience. Are back-up cycles same / different are they appropriate and	Annual	25	25	25	25
S.Hams & W.Devon	Strategic Risk	Comments & Complaints	2019/20	Corporate system for recognising, recording & responding to comments & complaints.	3 yearly	10			10
S.Hams & W.Devon	Strategic Risk	New ICT Systems	Not applicable	System procurement / implementation. Perhaps review the FIT Future IT Project - request by SMT to do in 24/25.	AS		8		
S.Hams Only	Operational Risk	Waste - Household Waste & Recycling Collection	SH 15/16 - Imp Req SH 17/18 F/U - Good	RISK: DELIVERY OF WASTE AND RECYCLING Service brought back in house for SHAMS Aug 2022.	3 yearly	10			10
West Devon	Operational Risk	Contract Management - Waste & Recycling West Devon	SH 15/16 - Imp Req SH 17/18 F/U - Good	Service brought back in house for SHAMS Aug 2022.	4 yearly	10			10
S.Hams Only	Operational Risk	Depots & Stores Control	2019/20 (Improvements Required)	Control of Vehicle, Plant, Fuel, Fuel Cards and Fuel Containers, New software to capture assets - review assets/vehicle/store controls	3 yearly	10			10
S.Hams & W.Devon	Operational Risk	Grounds Maintenance	2019/20 (Good Standard)	In 16/17 some issues with "ownership" for responsibilities identified - follow-up to check if issues now resolved.GM (incl Cemeteries & Churchyards) Community Parks & Open Spaces	3 yearly	15			15
S.Hams & W.Devon	Operational Risk	Car Parking	2019/20 (Good Standard)	Including income collection and enforcement	3 yearly	10			10
TOTAL DAYS						130	63	65	120

Strategy and Governance

Council	Audit Area	AUDIT	Last Audited	Description	Audit Interval	Indicative Days	2024/25	2025/26	2026/27
S.Hams & W.Devon	Strategic Risk	Corporate Governance	2016/17	Assess compliance with CIPFA Corporate Governance code	3 yearly	15			15
S.Hams & W.Devon	Strategic Risk	Culture & Ethics	16/17 (Good Assurance)	16/17 review looked to see if the "building blocks" were in place, future reviews likely to need a different slant. Perhaps concentrate on Staff Surveys, development of the organisation.	3 yearly	10			10
S.Hams & W.Devon	Strategic Risk	Counter Fraud arrangements	2022/23 - Annual Assurance	Annual report on Fraud arrangements	Annual	3	3	3	3
S.Hams & W.Devon	Procurement	Procurement	2022/23 (Limited)	Follow up of Limited Assurance report. Could include any aspect of procurement including the Sustainability of Significant Suppliers (financial resilience)	3 yearly	10			10
S.Hams & W.Devon	Operational Risk	Elections / Electoral Registration	Not Known	Arrangements to manage elections	3 yearly	5			5
S.Hams & W.Devon	Operational Risk	Members - allowances	2018/19	Administration of Members expenses.	3 yearly	6			6
S.Hams & W.Devon	Strategic Risk	Performance Management inc KIP's & Data Quality	2021/22 (Limited Assurance)	Follow up of Limited Assurance audit. Inc key performance indicators and the quality of source data (data quality). PIs - meaningful, add value, reported accurately, guidance notes.	3 yearly	5		10	
S.Hams & W.Devon	Strategic Risk	Safeguarding	2020/21 (Reasonable Assurance)		2 yearly	10		10	
S.Hams & W.Devon	IT Audit	Social Networking & Media	2019/20 (Good Standard)	High reputational risk, and important communication tool	3 yearly	7			7
S.Hams & W.Devon	Operational Risk	Travel and Subsistence	2017/18 (Improvements Required)	Compliance with internal policies & HMRC requirements to retain receipts for VAT purposes.	2 yearly	10		10	
S.Hams & W.Devon	Strategic Risk	Recruitment	Not Known	RISK: INADEQUATE STAFFING RESOURCES Includes right to work, DBS checks, checking of professional qualifications.	2 yearly	10		10	
S.Hams & W.Devon	Operational Risk	Health and Safety	2020/21 (Reasonable Assurance)	Safety of staff and public impacted by council work	2 yearly	10		10	
S.Hams & W.Devon	Operational Risk	Planning - Development Management	16/17 - Imp Req	Review of the planning process (meeting timescales) and new system (planned for end 23/24 or later).	4 yearly	10			
S.Hams & W.Devon	Operational Risk	Insurance Service	2020/21 (Limited)		4 yearly	7			
TOTAL DAYS						118	3	53	56

Finance									
Council	Audit Area	AUDIT	Last Audited	Description	Audit Interval	Indicative Days	2024/25	2025/26	2026/27
S.Hams & W.Devon	Key Financial Systems	Creditors	2022/23		Annual	15	15	15	15
S.Hams & W.Devon	Key Financial Systems	Debtors	2022/23		Annual	15	15	15	15
S.Hams & W.Devon	Key Financial Systems	Main Accounting System (inc budgetary control)	2022/23	RISK: ADHERENCE TO MEDIUM TERM FINANCIAL STRATEGY	Annual	15	15	15	15
S.Hams & W.Devon	Key Financial Systems	UK Shared Prosperity Fund	2022/23	Review & sign off of grants paid out from the Shared Prosperity Fund	Annual	5	10		
West Devon	Key Financial Systems	Okehampton Railway Station Levelling Up Fund	Not applicable	Arrangements of DCC & WD to deliver the work commissioned via the Grant etc.	NA	5	10	10	
S.Hams & W.Devon	Key Financial Systems	Treasury Management	2022/23 (Substantial)		Annual	5	5	5	5
					TOTAL DAYS	60	70	60	50

Place and Enterprise

Council	Audit Area	AUDIT	Last Audited	Description	Audit Interval	Indicative Days	2024/25	2025/26	2026/27
S.Hams & W.Devon	Operational Risk	Environmental Services (Health & Safety)	Not Known	Fly tipping, Abandoned vehicles, Air quality	2 yearly	8		8	
S.Hams & W.Devon	Operational Risk	Food Safety	2018/19 (Good Standard)		3 yearly	10			10
S.Hams & W.Devon	Operational Risk	Commercial Properties and Rent	2019/20 (Limited Assurance); 2021/22 (Limited Assurance)	Follow up to Limited Assurance 2021/22 audit	2 yearly	10		10	
S.Hams & W.Devon	Operational Risk	Asset Management / Strategy	2022/23	Strategy for investing in new properties and the disposal/utilisation of existing properties.	3 yearly			10	
S.Hams & W.Devon	Operational Risk	Housing	2020/21 (Limited) related to Housing Programme	RISK: COST OF LIVING IMPACT ON SERVICES Includes: Housing Strategy & RSL's & Housing Standards	3 yearly	10			10
S.Hams & W.Devon	Operational Risk	Homelessness	018/19 (Good Standard)	RISK: HOMES FOR UKRAINE PLACEMENT BREAKDOWNS Includes Homes for Ukraine	3 yearly	10			10
S.Hams Only	Operational Risk	Dartmouth Lower Ferry	2022/23 - Consultancy on finance system	Operation of the Ferry	2 yearly		10		
S.Hams Only	Operational Risk	Salcombe Harbour		Management of Harbour operations	2 yearly	10 cf from 22/23		10	
S.Hams Only	Operational Risk	Freeport		Management of the Freeport project	As required		10		
TOTAL DAYS						48	20	38	30
Other Essential Activities									
Directorate	Days				Task	Days	2024/25	2025/26	2026/27
Customer Services & Delivery	130				Completion of Previous Year Plan	20	20	20	20
Strategy and Governance	118				Audit Management (Audit Plan, Monitoring, Reporting, Audit Committee)	30	30	30	30
Finance	60				Annual Internal Audit Report	2	2	2	2
Place and Enterprise	48				Exemptions from Financial Regulations	3	3	3	3
Audit Management	80				Grants - LEAF and LAG	0	0	0	0
					National Fraud Initiative	5	5	5	5
					Contingency, Advice & Emerging Risks	20	20	20	20
TOTAL DAYS						80	80	80	80

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Report to: **Audit and Governance Committee**

Date: **6 July 2023**

Title: **Strategic Risk Update – June 2023**

Portfolio Area: **Cllr Julian Brazil**
Leader South Hams District Council

Wards Affected: **All**

Author: **Neil Hawke** Role: **Assistant Director Strategy
and Organisational
Development**

Contact: Neil.hawke@swdevon.gov.uk

RECOMMENDATIONS:

That the Audit and Governance Committee:

- 1. consider the current strategic risk register; and**
- 2. note the intention for the strategic risk profile of the Council, and our adopted Risk and Opportunity Management framework to be updated alongside the development of its new Corporate Strategy.**

1. Executive summary

- 1.1 The Council currently has an adopted risk and opportunity management strategy setting out the approach to assessment of risk and those which should form part of the strategic risk register.
- 1.2 Consideration of organisational risks is a day-to-day activity for Heads of Service and managers within departments.
- 1.3 As part of its performance management framework, Council services and key projects all have individual risk registers, managed at an operational level within those services.
- 1.4 Only where a risk is deemed sufficient enough to require support and input from outside of its 'host' department is it escalated to the Strategic Risk Register.
- 1.5 This report sets out the current strategic risks as considered by the officer 'Performance Board' in June 2023. See Appendix A.

- 1.6 The report also sets out the intention to update the Risk and Opportunity Management Strategy by the Autumn 2023 alongside the development of our next corporate strategy.

2. Background

- 2.1 The Audit and Governance committee receive six-monthly updates on the Council's Strategic Risks.
- 2.2 Strategic Risks are those that are subject to significant management actions, control, evaluation or improvements and do therefore not document all risks to the Council and its services.
- 2.3 The Council's adopted Risk and Opportunity Management Strategy has been in place since 2018. While this strategy has served the Council well, it is considered that it requires an update to reflect changes to the internal governance and structures of Council services.
- 2.4 Council services and projects are now all required to maintain their own operational risk registers, highlighting any significant risks meeting the definition in 2.2 to the Performance Board (a monthly board consisting of the Director of Service Delivery, Director of Strategy & Governance, Assistant Director Strategy and Customer Improvement Manager). They assess the operating environment and key issues and consider if the current strategic risk profile is accurate.
- 2.5 The Council is also beginning to develop its next Corporate Strategy. Alongside development of the strategy, an in-depth review of risks will be undertaken along with a refresh of our Risk and Opportunity Management Strategy. This will form part of the next strategic risk update to this committee.

3. Key Changes since last update to Audit & Governance

- 3.1 Since the last update to Audit & Governance Committee in March 2023, the following changes should be noted;
- 3.2 Removal of the risk related to Cost of Living Impacts on Council Services. This risk was primarily about the ability of the Council to meet the support needs of our residents. The team have adapted well and actions within our Cost of Living response plan have been delivered. We currently consider that this risk can be managed at an operational level and overseen by the Head of Revenues and Benefits.
- 3.3 Removal of the risk related to Homes for Ukraine scheme. This risk was initially escalated to the strategic risk register in June 2022 when there was much uncertainty around how many Ukrainians would arrive through the scheme and the financial support available

for local authorities. We now have much greater certainty on these points and have appointed dedicated resources to respond to the needs of our Ukrainian guests. This risk is therefore de-escalated from the Strategic Risk Register and is now being managed at an operational level by the Head of Housing.

- 3.4 Increase in the risk related to our ability to deliver our Waste and Recycling service. This risk reduced following the in-sourcing and stabilisation of the Waste and Recycling Service. As we now look to plan the delivery of the Devon Aligned Service to the remaining properties within the District, there is of course an increased risk of service issues. Detailed planning and governance arrangements are in place to minimise this risk but any service change carries an increased level of risk.
- 3.5 Addition of a new risk in respect of developing our new strategic priorities. It is likely that this will be removed from future strategic risks registers once an agreed timeline and approach for development is in place. This will be considered by the Executive on 28th June 2023.

4. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	Effective risk management is an essential aspect of our Performance Management framework, as is scrutiny of these risks by the Audit & Governance Committee.
Financial implications to include reference to value for money	Y	Effective risk management is an important aspect of ensuring value for money services
Risk	Y	This report sets out the strategic risk assessment of the Council
Supporting Corporate Strategy	Y	All
Consultation & Engagement Strategy	N	
Climate Change - Carbon / Biodiversity Impact	N	

Comprehensive Impact Assessment Implications		
Equality and Diversity	N	
Safeguarding	N	
Community Safety, Crime and Disorder	N	
Health, Safety and Wellbeing	N	
Other implications	N	

Supporting Information

Appendices:

Appendix A – Strategic Risk Profile – June 2023

Background Papers:

None



South Hams
District Council

Strategic Risk Register

June 2023 Update

Audit & Governance Committee 6th July 2023

Page 49



Introduction

What Do we mean by Risk?

Risk is unavoidable in any organisation. It is ever present and a certain amount of risk-acceptance is inevitable if we are to achieve our objectives of our Corporate Strategy.

What Is Risk Management?

Successful Risk Management is an essential part of delivering good governance across the Council and reduces the uncertainty of achieving our ambitions

It is about adopting a planned and systematic approach to identifying, evaluating and controlling the things that will prevent us delivering on our priorities.

How does Risk Management fit in to our business planning?

Effectively identifying and managing risks will support the Council in acting in the best interests of our residents, businesses and communities through the ever changing environment of local government.

It is the 5th step in our Performance Management Framework



Step 5: Risk Management
Identify risks that may prevent us delivering our vision and how we will mitigate them

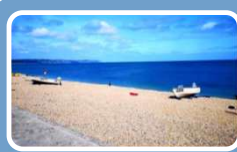


Our Risk Management Objectives

We have 6 key objectives that guide our approach to Risk Management

- Page 51
1. Adopt a strategic approach to risk management in order to make well informed decisions
 2. Integrate risk management into how we run Council services and deliver key projects.
 3. Support a culture of well-measured risk taking throughout the Council including setting risk ownership and accountabilities.
 4. Accept that even with good risk management and our best endeavours, things can go wrong. We will learn lessons where this happens.
 5. Ensure that the Council continues to meet all statutory and best practice requirements in relation to risk management
 6. Ensure that risk management continues to be a key and effective element of our Corporate Governance

Benefits of Effective Risk Management



Improved Strategic Management

- Greater Ability to deliver against our corporate objectives and targets
- Improved decision making, planning and prioritisation



Improved Operational Management

- Plans in place to response to incidents when they occur
- Better service delivery



Improved Financial Management

- Better informed financial decision making
- Greater financial control
- Minimising waste and improving Value for Money



Improved Customer Service

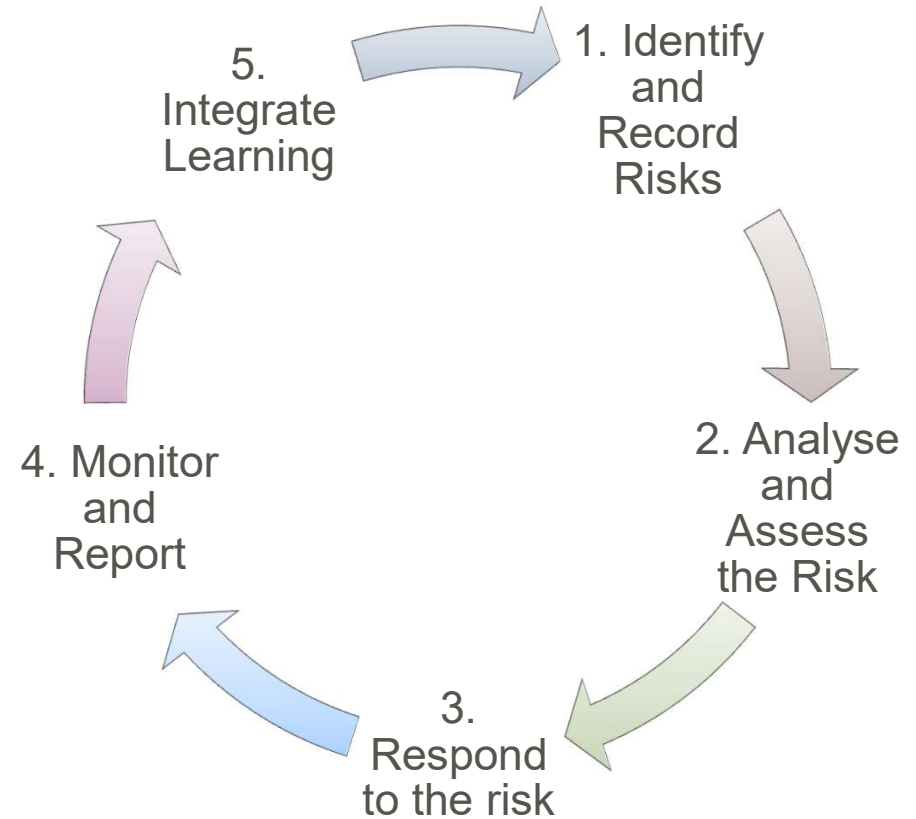
Service disruption to customer minimized



Our Risk Management Process

Identification of risks, deciding what action to take to minimise the risk and assessing how successfully we did it is an activity that we are all doing constantly in our personal lives. The same approach is applied by the Council in assessing risks to our priorities and services.

To do this we follow a 5-step approach



Our Risk Management Scoring

Likelihood
How possible is it that the risk will occur?

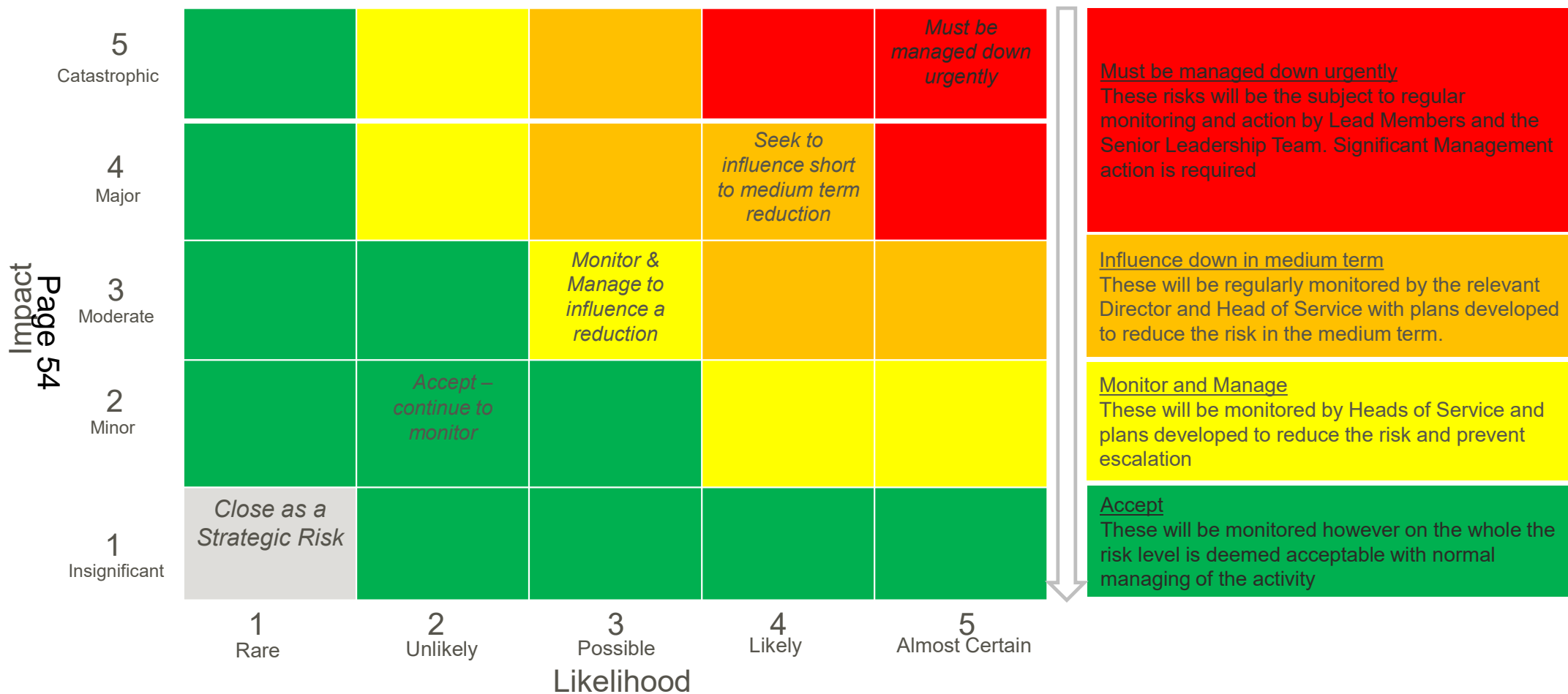
#	Likelihood	Chances of occurring	
1 – Rare	Unlikely to occur under normal circumstances	0-10%	Very unlikely this will ever happen e.g. Once in 100 years
2 – Unlikely	Potential to occur however likelihood remains low	10-25%	Not expected to happen, but is possible e.g. Once in 25 years
3 - Possible	Possible - Could occur	25-50%	May happen occasionally, e.g. Once in 10 years
4 – Likely	Likely - Most likely will occur	50-80%	Will probably happen, but not a persistent issue e.g. Once in 3 years. Has happened in the past.
5 – Almost Certain	Almost certainly will occur	80-100%	Will undoubtedly happen, possibly frequently e.g. Annually or more frequently. Imminent/near miss.

Impact
If the risk does occur, what is the impact?

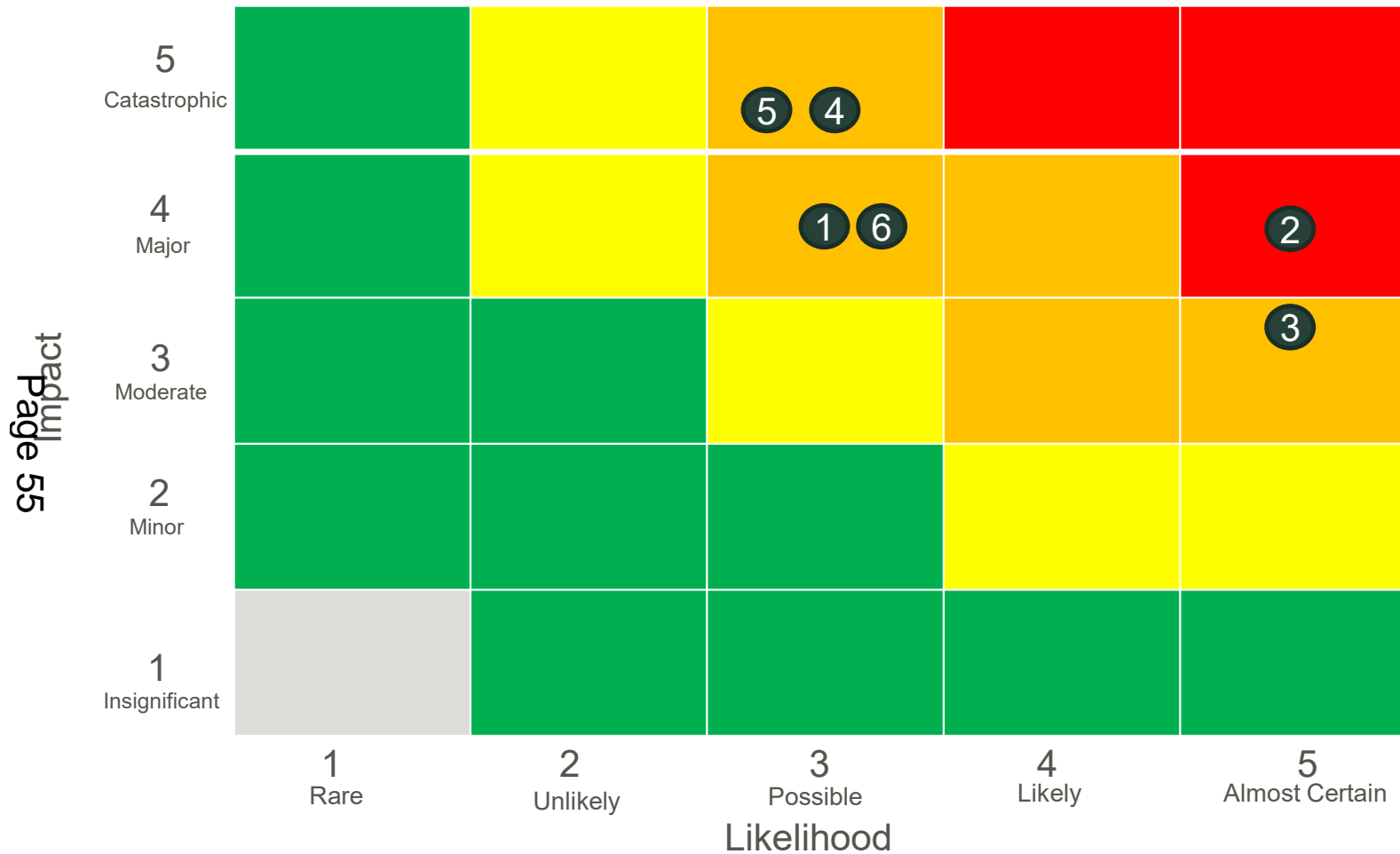
#	Impact Category					
	Financial	Service Quality	Reputation	Legal/Regulatory	Health and Safety	Morale / Staffing
1 – Insignificant Impact	Financial loss of less than £10k	Drop in performance or delays to a process or temporary loss of an access route to a service	Limited local interest, single story	Not reportable to regulator/Ombudsman, simple fix	Minor first aid required	Isolated staff dissatisfaction
2 – Minor Risk	Financial loss of between £10k & £100k	Drop in performance or delays to a service area or sustained loss of access routes for services	Local or 'industry' interest, single story over multiple news outlets	Reportable to regulator/Ombudsman, no or little follow up needed	Minor injuries to employees or third parties	Pockets of staff morale problems and increased turnover
3 – Moderate Risk	Financial loss of between £100k & £500k	Drop in performance or delays to delivering a wide range of services	Short term negative media exposure	Regulator/Ombudsman report with immediate correction to be implemented, or risk of prosecution	Simple 'medical professional' type care for employees or third parties, e.g. GP visit, minor injuries unit visit	General staff morale problems and increased turnover
4 – Major Risk	Financial loss of between £500k & £1Mill	Major drop in performance or inability to deliver discretionary services	Sustained negative media coverage, or South West or 'affected industry' publication exposure	Regulator/Ombudsman report requiring major project to correct or prosecution with fines, etc.	Limited hospital care required for employees or third parties	Widespread morale problems and high turnover. Not perceived as employer of choice
5 – Catastrophic	Financial loss of over £1Mill	Major drop in performance or inability to deliver mandatory services	Long term negative media coverage, or national media exposure	Significant prosecution or fines, incarceration of directors	Significant injuries or fatalities to employees or third parties	Some senior leaders leave / high turnover of experienced staff, insufficient staff to complete statutory functions

To calculate the overall risk score, we multiply the likelihood by the highest impact category score.

Our Risk Management Treatment



Summary of Strategic Risks June 2023



X Current Period Score

Risk Title

- Adherence to Medium Term Financial Strategy
- Inadequate Staffing Resource
- Health and Wellbeing Service Provision
- Business Continuity
- Delivery of Waste and Recycling Service

Removed since last update:-

- Cost of Living Impacts on services
- Homes for Ukraine Placements breakdowns

Added since last update:-

- Strategic Direction

Risk Title: Adherence to Medium Term Financial Strategy (MTFS)

Overall Scoring

What is the risk? Failure to sustain a robust on-going medium term financial strategy in SHDC with adequate reserves to meet unforeseen circumstances, due to cost pressures and reduced income targets, council decisions, changes in Government policy with regard to business rates and affordable housing; Potential impact on delivering the MTFS, particularly if national/regional businesses successfully appeal against business rate valuations or litigation proceedings / legal challenges / planning appeals, etc.

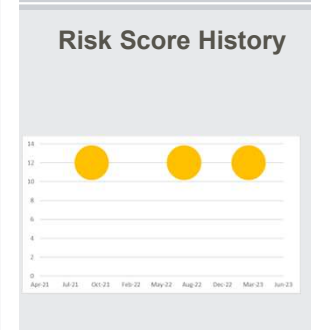
Risk Score (Current)



What could cause the risk to occur? Reduction in Government grant, increasing demand for services and other cost pressures and increased risks associated with localised business rates and council tax support. Additionally, income from activities may not materialise or may be reduced, e.g. a reduction in sales, fees and charges income or business rate appeals. The amount of income received can be adversely affected by a fall in collection rates due to economic downturn, the effects of the pandemic and other factors such as the bankruptcy/liquidation of large ratepayers or any sizeable rateable value reductions achieved by business rated properties in the area.

Likelihood 3 x Impact 4

Risk Scoring	Likelihood of risk occurring		3 (Possible)	<p>What are we doing to reduce the risk?</p> <ol style="list-style-type: none"> Robust horizon scanning to monitor changes in Government policy. SLT awareness of the risks, cautious approach to budgeting and robust systems of financial control. The Council is not intending to rely heavily on sources of income which may not be sustainable e.g. New Homes Bonus. SLT actively participate in Government consultations, MP discussions and keep aware of changes and the response by peer group, ensuring where appropriate the learning from this is incorporated into strategic plans. SLT engaged in the development of the MTFS.
	Impact	Financial	4 (Major)	
		Service Quality	4 (Major)	
		Reputation	4 (Major)	
		Legal / Regulatory	4 (Major)	
		Health and Safety	2 (Minor)	
		Morale / Staffing	2 (Minor)	



Current Update (June 2023)

The Executive considered the Medium Term Financial Strategy for the Council in September 2022. The Council has continued to work in partnership with West Devon Borough Council which has allowed South Hams to achieve annual savings of £3.9 million and more importantly protect all statutory front line services. Between both Councils the annual shared services savings being achieved are over £6 million per annum. However, the Councils continue to face considerable financial challenges as a result of uncertainty in the wider economy and constraints on public sector spending.

We had expected a longer term financial settlement to be made in December 2022 however the Government again made only a single year settlement for 2023/24, with a commitment for consultation on further funding reforms to come forward during 2023. In February 2023, Full Council agreed the revenue and capital budget proposals for 2023/24 and a balanced budget was set. In September 2023, a report will be presented to the Executive with the latest position on the Medium Term Financial Strategy for 2024/25 to 2026/27, a review of the Council's Capital Programme and a review of Reserves.

On 30th June 2023, the Council will publish its Draft Statement of Accounts for 2022/23. The Budget for South Hams was £10.464 million for 2022/23 but the actual spend was 0.5% lower, providing a surplus of £57,000 as set out within the Accounts.

Risk Direction

Risk Title: Inadequate Staffing Resource

Overall Scoring

What is the risk?
 The risk is that the Council fails to have the right culture, organisational conditions or resources to deliver our priorities for our communities. Insufficient staffing arrangement resulting in a loss of staff morale, and inadequate resources for training and re-skilling in an ongoing period of change. Failure to engage staff resulting in uncertainty regarding changes in working practices and job security. Particular risk in relation to future terms and conditions. Cost and time of retraining/up-skilling staff. Unrealistic expectations in relation to staffing capacity.

Risk Score (Current)

20

Likelihood 5 x Impact 4

What could cause the risk to occur?
 The last few years have seen Local Government stepping up to provide significant and varied support to our residents, communities and businesses in addition to maintaining our core service delivery. This has been a sustained period of the council delivering additional support and services and is likely to continue in to the short-medium term.

Page 57	Likelihood of risk occurring		5 (Almost Certain)
	Impact	Financial	4 (Major)
		Service Quality	4 (Major)
		Reputation	4 (Major)
		Legal / Regulatory	4 (Major)
		Health and Safety	2 (Minor)
		Morale / Staffing	4 (Major)

- What are we doing to reduce the risk?**
1. Continuing to review services and update service plans to ensure that we can meet future demand
 2. Reviewing our recruitment campaigns – ensuring that they are effective and targeted
 3. Filling key roles with temporary resource to ensure services can continue to be delivered effectively while we progress with the recruitment of permanent employees
 4. Developing plans for ‘grow our own’ talent
 5. Identifying local recruitment events with a view to attending and highlighting roles available within the Council
 6. Assessing the ‘offer’ to employees with other similar organisations



Current Update (June 2023)
 In April 2023, the Council approved a pay and reward strategy which will have seen all roles within the Council receiving a minimum 6% pay award since April 2022 and we will continue to monitor the impact on this in terms of our ability to retain staff and recruit to key roles. While this is a positive step, it is still out of step with pay increases in other sectors particularly at technical officer level given both the increases in pay in the private sector and the flexibility that remote working offers employees.

We are progressing a number of other actions in our Organisational Development Plan including targeting recruitment via specialist websites / magazines, refreshing our recruitment processes to simplify it and promoting the positive benefits for employees.

We have appointed an apprentice within our legal team to develop our own capacity although wider recruitment to vacancies in this team remains an issue and recruitment to roles within the planning team remain a challenge.

Risk Direction

Risk Title: **Health and Wellbeing Service Provision**

What is the risk? The risk is that following the negative impacts to leisure centres as a result of Covid-19, leisure centres may now face further pressures due to the increased cost of living including through loss of revenue as residents consider where they can save money and through increased cost of operating the centres given the energy price increases and increasing inflation.

What could cause the risk to occur? This risk original escalated to the Strategic Risk register as a result of the Covid-19 pandemic forcing the closure of leisure centres, meaning a loss of income. The risk has now changed slightly and the main cause for it to remain on the strategic risk register is the risk that revenues reduce as the cost-of-living crisis deepens.

Risk Scoring	Likelihood of risk occurring		5 (Almost certain)
	Impact	Financial	3 (Moderate)
		Service Quality	2 (Minor)
		Reputation	2 (Minor)
		Legal / Regulatory	2 (Minor)
		Health and Safety	3 (Moderate)
		Morale / Staffing	2 (Minor)

What are we doing to reduce the risk?

1. Worked with Fusion Leisure to revise the management fee profile in response to the reductions in income seen through Covid-19 (agreed by Council on 31 March 2022 – Minute 74/21)
2. Continue to engage with Fusion to understand issues and support where possible
3. Continue to monitor local and national position (given that all leisure providers will be in the same position)
4. Promote active participation in sport and leisure through Council communication channels

Current Update (March 2023)

Leisure services continue to be provided at the leisure centres. Leisure services nationally continue to be significantly impacted by the increases to energy costs and other supplies and services, with the issue being further compounded as individuals consider their own levels of expenditure and focus on essential spending – with discretionary spending on items such as leisure being areas where individuals consider making savings.

The Council continues to regularly meet with the Chief Executive and Financial Director of Fusion Leisure to understand the impacts. We are actively taking steps to support the fusion progress plan for the decarbonisation of its sites which will, longer term, result in a reduction of energy costs – although this does not address the immediate impacts. Plans are already in place and have been approved to install solar panels on each leisure centre. The Council will apply to the Swimming Pool Support Fund, with applications being opened in the Summer. This was the £60m of new government funding that was announced in the Spring 2023 Budget. The Government funding is being distributed by Sport England although the amounts of funding available to leisure centres is likely to be minimal. Total memberships of the four leisure centres are 93.4% of the pre-covid levels in March 2020 (4,542 in March 2023, compared to 4,865 in March 2020).

Overall Scoring

Risk Score (Current)

15

Likelihood 5 x Impact 3



Risk Direction

Risk Title:	Business Continuity
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What is the risk?	The risk is that we do not develop and keep maintained robust processes to ensure business continuity in the event of a significant event occurring, e.g. Failure to ensure the continuous availability of critical IT systems leading to inability to deliver key council services.
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What could cause the risk to occur?	Developing and maintaining robust Business Continuity Plans requires significant and sustained focus. During Covid-19 response, the Councils risk profile has changed as we have relied much heavier on working in different ways (for example more staff working from home the majority of time) and with significant pressures being placed on some of our key delivery partners/ contractors. Work is required to update our BCP's to the changing environment that we are operating in.
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Risk Scoring Page 59	Likelihood of risk occurring		3 (Possible)	<p><u>What are we doing to reduce the risk?</u></p> <ul style="list-style-type: none"> Having two HQ locations is main mitigating factor - however an outage of power/ICT at either location would lead to a serious disruption of service. Agile working further reduces reliance on two office buildings. Locality workers can be despatched more easily to ensure customer engagement can be maintained during any incident. Business Continuity plans have been updated - priority areas - ICT Networking - Payroll & Creditors Payments; other plans need to be made more robust – further work underway
	Impact	Financial	5 (Catastrophic)	
		Service Quality	5 (Catastrophic)	
		Reputation	4 (Major)	
		Legal / Regulatory	2 (Minor)	
		Health and Safety	3 (Moderate)	
		Morale / Staffing	3 (Moderate)	

Current update (June 2023)	<p>The Council has recently undertaken a test of our IT system back-up generators which was successful and demonstrated that in the event of a power outage, our IT systems could continue to operate. A further exercise will be planned to test business continuity plans in the event of a complete loss of IT systems.</p> <p>The Council is working to become one of the early adopters for the Cyber Assurance Framework which has been developed by the National Cyber Security Centre. This sets out a framework that the Councils will be required to achieve in order to obtain accreditation of its systems. Work is also underway to obtain a quote for Cyber insurance for the Council.</p> <p>The work to ensure we are well prepared to respond to a Business Continuity incident continues to be managed through the Council officer Health, Safety, Business Continuity and Emergency Planning Officer team to ensure a continued focus.</p>
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Overall Scoring

Risk Score (Current)



15

Likelihood 3 x Impact 5



Risk Direction



Risk Title:	Delivery of Waste and Recycling Service
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What is the risk?	The risk is that the Council fails to adequately plan and deliver its Waste and Recycling service, in particular, rolling our the Devon Aligned Service to all remaining households.
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What could cause the risk to occur?	<p>There are a number of issues that could result in issues to delivering the Waste and Recycling service including:-</p> <ul style="list-style-type: none"> - Insufficient staff resource - Incorrect rounds planning - Non-delivery of vehicles in time for service implementation - Making Infrastructure Improvements
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Page 60	Risk Scoring	Likelihood of risk occurring	3 (Possible)	<p><u>What are we doing to reduce the risk?</u></p> <p>1.Appointed a dedicated project manager to support the Head of Service with the co-ordination and management of the implementation of DAS.</p> <p>2.Developed a detailed project and resourcing plan with regular project team meetings monitoring and managing progress.</p> <p>3.Developing a comprehensive Communication Plan to raise awareness of the changes, seek resident support and manage expectations.</p>
	Impact	Financial	4 (Major)	
		Service Quality	5(Catastrophic)	
		Reputation	5 (Catastrophic)	
		Legal / Regulatory	4 (Major)	
		Health and Safety	3 (Moderate)	
		Morale / Staffing	4 (Major)	

Current Update (June 2023)	<p>Since the service has been returned to the control of the Council, service performance has stabilised and improved significantly. Officers continue to manage the service provision closely.</p> <p>The Council is currently planning the role out of the Devon Aligned Service (DAS) to remaining properties in the District. In April 2023, Council approved the budget to procure the fleet required to roll out the service from October 2023. There are limited number of specialist manufacturers of kerbside recycling vehicles, In particular, 'narrow access' vehicles are not available to hire. The Implications of the Environment Act 2021 could result in many Councils requesting similar vehicles resulting in extended delivery times. The October 2023 DAS roll-out is wholly dependent on the delivery of these vehicles and making infrastructure improvements at the Torr Waste Transfer Station.</p> <p>As with any service change, there is an increased risk that the service may have issues. The roll out is being overseen by a project team and subject to oversight by the Director Customer Service Delivery and Waste Working Board.</p>
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Overall Scoring

<p>Risk Score (Current)</p> <div style="background-color: yellow; border-radius: 50%; width: 60px; height: 60px; display: flex; align-items: center; justify-content: center; margin: 0 auto;"> 15 </div> <p>Likelihood 3 x Impact 5</p>
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<p>Risk Score History</p> <p>NA – New risk around DAS Rollout</p>

<p>Risk Direction</p>

Risk Title:	Strategic Direction			
What is the risk?	The risk is that the Council fails to develop a corporate strategy that responds to the needs of our residents and communities.			
What could cause the risk to occur?	<p>There are a number of triggers for this risk including:-</p> <ul style="list-style-type: none"> • Failure to engage with stakeholders including Members, key partners including Town and Parish Councils, residents and businesses • Development of a plan that does not reflect the real issues and concerns of communities • Failure to sufficiently resource the ambitions and projects set out in the strategy 			
Risk Scoring	Likelihood of risk occurring	3 (Possible)	<p><u>What are we doing to reduce the risk?</u></p> <ol style="list-style-type: none"> 1. Developing a comprehensive and realistic project plan for the creation of a new corporate strategy including approach to consultation and engagement. 2. Working closely with Executive Members to fully understand their ambitions and offer advice on how achievable emerging activities are and the estimated timescales. 3. Establishing a Town and Parish Forum to initially set out emerging priorities and to seek views from all Towns and Parishes 4. 1:1 Meetings being scheduled with each of the key towns 	
	Impact	Financial		4 (Major)
		Service Quality		4 (Major)
		Reputation		4 (Major)
		Legal / Regulatory		3 (Moderate)
		Health and Safety		3 (Moderate)
Morale / Staffing	4 (Major)			
Current Update (June 2023)	<p>The Executive have set out their broad areas of focus for the new administration which include tackling the housing & climate and biodiversity crises.</p> <p>The Executive will consider the outline timeline for development, consultation and engagement of a new corporate strategy at their meeting on 28th June 2023. Officers are currently developing proposals for a consultation and engagement with all key stakeholders.</p> <p>The Executive have set out their broad ambitions</p> <p>While the new corporate strategy is being developed we will continue to deliver on the activities included within the current Better Lives for All Year 3 delivery plan as adopted by Full Council on 30th March 2023 (Minute 75/22(h)).</p>			

Overall Scoring

Risk Score (Current)



Likelihood 3 x Impact 4

Risk Score History

NA/ New Risk

Risk Direction

NA/ New Risk

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Proposed Workplan for the Audit & Governance Committee for the 2023/24 Municipal Year

Committee Meeting Date	Agenda Items
27 July 2023 at 9.30am	<ul style="list-style-type: none"> i) Draft Statement of Accounts and Draft Annual Governance Statement 2022/23 ii) Investment Properties – Update and Monitoring Report; iii) Internal Audit Annual Report 2022/23 iv) Appointment of an Independent Member to the Audit and Governance Committee v) Whistleblowing Policy – Report of the s151 Officer vi) Anti-Fraud, Bribery and Corruption Strategy/Response Plan – Report of the s151 Officer vii) Counter Fraud and Resilience – Report of the s151 Officer viii) Committee Workplan
28 September 2023 at 9.30am	<ul style="list-style-type: none"> i) Grant Thornton report – External Audit Plan for 2022/23 ii) Annual Treasury Management Report 2022/23; iii) Treasury Management – Review of the Investment and Treasury Management Strategy iv) Internal Audit Charter and Strategy v) Update on Progress on 2023/24 Internal Audit Plan; vi) Sundry Debts – Update on the Debt position as at the end of August (Month 5) vii) Committee Workplan
7 December 2023 at 9.30am	<ul style="list-style-type: none"> i) Grant Thornton Sector update reports ii) Bishop Fleming – Audit Plan for the 2023/24 Statement of Accounts iii) Update on Progress on 2023/24 Internal Audit Plan iv) Strategic Risk Register v) Treasury Management Mid-Year Report 2023/24; vi) Ombudsman Annual Review Letter; vii) Committee Workplan;

7 March 2024 at 2.30pm

- i) Audited Annual Statement of Accounts and Annual Governance Statement 2022/23
- ii) Grant Thornton – Audit Opinion on the 2022/23 Statement of Accounts
- iii) Grant Thornton – Value for Money assessment 2021/22 and 2022/23
- iv) Proposed Internal Audit Plan for 2024/25;
- v) Update on Progress on 2023/24 Internal Audit Plan;
- vi) 2024/25 Capital Strategy; 2024/25 Treasury Management Strategy; and 2024/25 Investment Strategy;
- vii) Budget Book 2024/25;
- viii) Shared Services Methodology 2023/24;
- ix) Sundry Debts – Update on the Debt position as at the end of January (Month 10)
- x) Committee Workplan