

Forde House
Newton Abbot
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3 September 2018

AUDIT SCRUTINY COMMITTEE

Dear Councillor

You are invited to a meeting of the above Committee which will take place on **Tuesday, 11th September, 2018** in the Council Chamber, Forde House, Brunel Road, Newton Abbot, TQ12 4XX at **10.00 am**

Yours sincerely

PHIL SHEARS
Managing Director

Distribution:

- (1) The Members of the Audit Scrutiny Committee (subject to confirmation of Executive Members by the Leader)

Councillor Chris Clarence
(Chairman)
Councillor Ted Hockin (Vice-Chairman)
Councillor Alistair Dewhirst
Councillor Alan Connell
Councillor Mike Haines
Councillor Ron Peart
Councillor Bill Thorne
Councillor Martin Wrigley

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- (1) All other Members of the Council
(2) Representatives of the Press
(3) Requesting Town and Parish Councils

If Councillors have any questions relating to predetermination

**or interests in items on this Agenda, please contact the
Monitoring Officer in advance of the meeting**

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- Reports in Parts I and III of this agenda are for public information. Any reports in Part II are exempt from publication due to the information included, under the provisions of the Local Government Act 1972.

A G E N D A

Part I

1. Apologies for Absence
2. Minutes of the previous meeting (Pages 1 - 4)
3. Agreement of the agenda between Parts I and II
4. Matters of urgency/matters or report especially brought forward with the permission of the Chairman.
5. Declarations of Interest.

Part II (Private)

Items which may be taken in the absence of the Public and Press on the grounds that Exempt Information may be disclosed.

6. Risk Based Verification Policy- update (Pages 5 - 10)

Part I

7. Leisure Equipment Procurement
Verbal update Report.
8. Grant Thornton: 2017/18 TDC Annual Audit Letter (Pages 11 - 22)
9. Internal Audit Report (Pages 23 - 32)
10. Financial Instructions and Contract Procedure Rules (Pages 33 - 34)

11. Teign Estuary Partnership Audit
Verbal update Report.

AUDIT SCRUTINY COMMITTEE**THURSDAY, 19 JULY 2018**Present:

Councillors Clearance (Chairman), Hockin (Vice-Chairman), Dewhirst, Peart, Thorne and Wrigley

Apologies:

Councillors Connell and Haines

Officers in Attendance:

Martin Flitcroft, Chief Finance Officer

Sue Heath, Audit Manager

Liz Gingell, Business Improvement Officer

Mark Devin, Democratic Services Officer (Exeter City Council)

Geraldine Daly, Engagement Lead, Grant Thornton

Steve Johnson, Audit Manager, Grant Thornton

95. MINUTES OF PREVIOUS MEETING

The minutes of the Audit Scrutiny Committee meeting held on 21 June 2018 were confirmed as a correct record and signed by the Chairman.

96. DECLARATIONS OF INTEREST.

No declarations of interest were made.

97. GRANT THORNTON 2017/18 AUDIT FINDINGS REPORT

The Audit Manager and Engagement Leader from Grant Thornton presented the report which provided a summary of the work in progress within Teignbridge and the preparation for the Council's financial statements for year ended 31 March 2018.

The financial statements and the outstanding items were discussed, with comments including the scope and approach to the financial statements, work undertaken on significant risks, communications requirements and value for money. In response to questions from Members, the Audit Manager and Engagement Leader explained:-

- REFCUS was an acronym, for 'Revenue Expenditure Funded from Capital Under Statute'. REFCUS allowed the Council to fund capital expenditure on other organisations assets through the Capital Programme;

- Taxes may only be raised by a certain amount requiring Parliamentary approval.

Resolved

That the Audit Scrutiny Committee note the report.

98. STATEMENT OF ACCOUNTS & LETTER OF REPRESENTATION

The Chief Finance Officer presented the report which updated Members on the 2017/18 statement of accounts which had been brought to Audit Scrutiny and required approval by the 31 July 2018. Final adjustments would be reported to Full Council on 30 July, with the audit conclusion and accounts advertised on the Teignbridge District Council website, as required by legislation.

There were currently no known major adjustments to be made and the draft balance sheet showed there was net worth of £5.6 million on 31 March 2018 and was compared to the negative net worth of £7.5 million in 31 March 2017. The Chief Finance Officer explain this was due to the decrease in the pension fund deficit and an increase in the value of council land and buildings.

He discussed the accounting policies that follow CIPFA recommendations and the provisions for bad debts. There was a provision of £540,000 made against the year-end balance of £3,850,000 for sundry debt and the write offs in the year were £157,000 or 1.0% of the debt raised. The council tax and non-domestic rates gross debt, write offs and balances were also discussed.

The Chairman commented, that Teignbridge District Council had the second best Council Tax collection rate in Devon, and ranked equal 46th out of 326 authorities in the country. Teignbridge was ranked first for Business rate collections in Devon, and ranked equal 25th out of 326 authorities nationally.

In response to Member questions, the Chief Finance Officer explained:-

- The pension fund was favourable because of changes in assumptions by the actuaries;
- Every three years the funding was evaluated to contribute towards reducing the deficit;
- The change to Universal Credit will be gradual however collection of debt could become more challenging in future years and would be monitored;
- The Council Tax gross write off figures were higher than in the previous years due to the end of a data matching exercise and were mainly due to insolvency, death with insufficient funds in the estate or untraceable debtors;
- Debt write off for a significant amount of £5000 or more would need to be brought to the Executive Committee.

Resolved

That the Audit Scrutiny Committee recommend the Statement of Accounts 2017/18 and letter of representation for approval to Council subject to any final adjustments agreed with the external auditors which will be reported to Council.

99. FINANCIAL INSTRUCTIONS WAIVERS

The Audit Manager presented the report on the Financial Instructions and Contract Procedure Rules which provided the framework for managing the financial affairs for the Council. The report informed Members on the number of times the Financial Instructions and Contract Procedure Rules had been waived and the reasoning for it. She highlighted there had been four waivers processed since June 2018.

In response to Member questions, the Audit Manager explained:-

- The £49,600 for the initial Data Protection Services officer role came through the Portfolio Holder;
- The Data protection waiver was for a contract extension involving a fixed period appointment following the departure of the Monitoring Officer. Having a data protection officer in post was important and extending the employment period was needed until a full time post could be filled;
- The waivers questioned previously would be reported at the September meeting.

Resolved

That the Audit Scrutiny Committee note the report.

100. RISK MANAGEMENT REPORT

The Business Improvement Officer presented the report which provided Members with an overview of the current status of the Strategic & Corporate Risk registers and to review the Risk Management Strategy. She explained there were three types of risks managed by the Council - strategic, corporate and service risks. The Strategic and Corporate risk monitored higher risks and reported to the Committee twice a year. Service risks monitored lower risk areas and didn't receive too many consequences.

She provided Members with the details of recommended risk changes, and why they had been suggested for changing. She highlighted the risks of provision of recording poor quality data, breach of the data protection act and breaches of codes of conduct.

In response to Member enquiries, the Business Improvement Officer stated that:-

- The data quality risk was being kept separate to the compliance with the Data Protection Act and General Data Protection Regulations;

- Universal credit would be addressed to determine if it was a major service change;
- Parliamentary business rate information for 2021 was unknown following Brexit. This risk would be classified under financial uncertainty, with a baseline established and reserves put into place;
- The risk management strategy had no new changes to the document and was reviewed every two years. However following changes at Teignbridge a new review will be carried out;
- The risk register was available to view online, but checks would be made to ensure it was fully accessible to Members;
- The service risk register incorporates the lower risk areas to ensure the strategic and corporate risk registers only showed higher risks;

Resolved

That the Audit Scrutiny Committee review and approve the Strategic and Corporate Risk review.

Cllr Chris Clearance
Chairman

Annual Audit Letter

Year ending 31 March 2018

Teignbridge District Council

3 August 2018



Contents



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12

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Section

Page

- | | |
|-------------------------------|---|
| 1. Executive Summary | 3 |
| 2. Audit of the Accounts | 5 |
| 3. Value for Money conclusion | 9 |

Appendices

- A Reports issued and fees

Executive Summary

Purpose

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at Teignbridge District Council (the Council) for the year ended 31 March 2018.

This Letter is intended to provide a commentary on the results of our work to the Council and external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this Letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'. We reported the detailed findings from our audit work, in our Audit Findings Report to the Council's Audit Scrutiny Committee on 19th July 2018 and those charged with governance, Full Council on 30th July 2018.

Our work

Materiality



We determined materiality for the audit of the Council's financial statements to be £1.37m, which is 1.8% of the Council's gross revenue expenditure.

Financial Statements opinion

We gave an unqualified opinion on the Council's financial statements on 31 July 2018.

Whole of Government Accounts (WGA)

We completed work on the Council's consolidation return following guidance issued by the NAO. The Council is below the WGA Threshold and an assurance statement confirming this was issued.

Use of statutory powers

We did not identify any matters which required us to exercise our additional statutory powers.

Respective responsibilities

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

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

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

Executive Summary

Value for Money arrangements	We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources. We reflected this in our audit report to the Council on 31 July 2018.
Certification of Grants	We also carry out work to certify the Council's Housing Benefit subsidy claim on behalf of the Department for Work and Pensions. Our work on this claim is not yet complete and will be finalised by 30 November 2018. We will report the results of this work to the Audit Scrutiny Committee in our Annual Certification Letter.
Certificate	We certify that we have completed the audit of the accounts of Teignbridge District Council in accordance with the requirements of the Code of Audit Practice.

Working with the Council

enter summary of key deliverables and any developments/issues you wish to communicate.. For example during the year we have delivered a number of successful outcomes with you:

- An efficient audit – we delivered an efficient audit with you in MMM, delivering the accounts x days before the deadline, releasing your finance team for other work.
- Regular discussions with senior officers at the council to discuss emerging issues and developments that impacted on the audit.

- Sharing our insight – we provided regular audit committee updates covering best practice. We also shared our thought leadership reports
- Providing training – we provided your teams with training on financial accounts and annual reporting

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

Grant Thornton UK LLP
August 2018

Audit of the Accounts

Our audit approach

Materiality

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

We determined materiality for the audit of the Council's accounts to be £1.37m, which is 1.8% of the Council's gross revenue expenditure. We used this benchmark as, in our view, users of the Council's financial statements are most interested in where the Council has spent its revenue in the year.

We also set a lower level of specific materiality for:

- Remuneration report – we will review all disclosures in excess of £100,000
- Related Party Transactions where we will apply materiality of £100,000
- Exit packages will be looked at only where they relate to anyone that is disclosed in the annual report.

We set a lower threshold of £68,000, above which we reported errors to the Audit Scrutiny Committee in our Audit Findings Report.

The scope of our audit

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

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

We also read the remainder of the Statement of Accounts, and the narrative report and annual governance statement published alongside the Statement of Accounts to check they are consistent with our understanding of the Council and with the financial statements included in the Statement of Accounts on which we gave our opinion.

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

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

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

Audit of the Accounts

Significant Audit Risks

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

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
Management override of controls Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Council faces external scrutiny of its spending, and this could potentially place management under undue pressure in terms of how they report performance. Management over-ride of controls is a risk requiring special audit consideration. 91	We performed the following work in respect of this risk: <ul style="list-style-type: none">• reviewed accounting estimates, judgements and decisions made by management• tested journal entries• reviewed unusual significant transactions• reviewed significant related party transactions outside the normal course of business.	We did not identify any evidence of management over-ride of controls.
Valuation of property, plant and equipment The Council revalues a proportion of its land and buildings annually, and ensures all assets are revalued within a five year cycle, to ensure that carrying value is not materially different from fair value. This represents a significant estimate by management in the financial statements. We identified the valuation of land and buildings revaluations and impairments as a risk requiring special audit consideration.	We performed the following work in respect of this risk <ul style="list-style-type: none">• reviewed management's processes and assumptions for the calculation of the estimate;• reviewed the competence, expertise and objectivity of any management experts used;• reviewed the instructions issued to valuation experts and the scope of their work;• discussed with the Council's valuer the basis on which the valuation was carried out, challenging the key assumptions;• reviewed and challenged the information used by the valuer to ensure it was robust and consistent with our understanding;• tested the revaluations made during the year to ensure they were input correctly into the Council's asset register• evaluated the assumptions made by management for those assets not revalued during the year and how management satisfied themselves that these were not materially different to current value.	Our work did not identify any material issues in the area.

Audit of the Accounts

Significant Audit Risks (continued)

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

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of pension fund net liability</p> <p>The Council's pension fund asset and liability as reflected in its balance sheet represent a significant estimate in the financial statements.</p> <p>We identified the valuation of the pension fund net liability as a risk requiring special audit consideration.</p> <p style="text-align: center;">17</p>	<p>We performed the following work in respect of this risk::</p> <ul style="list-style-type: none">• identified the controls put in place by management to ensure that the pension fund net liability is not materially misstated and assessing whether those controls were implemented as expected and whether they were sufficient to mitigate the risk of material misstatement.• reviewed the competence, expertise and objectivity of the actuary who carried out the Council's pension fund valuation.• undertaken procedures to confirm the reasonableness of the actuarial assumptions made.• reviewed the consistency of the pension fund net liability disclosures in notes to the financial statements with the actuarial report from your actuary.	<p>Our work did not identify any material issues in the area.</p>

Audit of the Accounts

Audit opinion

We gave an unqualified opinion on the Council's financial statements on 31 July 2018, in advance of the national deadline.

Preparation of the accounts

The Council presented us with draft accounts in accordance with the national deadline, and provided a good set of working papers to support them. The finance team responded promptly and efficiently to our queries during the course of the audit.

Issues arising from the audit of the accounts

We reported the key issues from our audit to the Council's Audit Scrutiny Committee on 19th July 2018, and to Full Council on 30th July 2018.

Annual Governance Statement and Narrative Report

We are required to review the Council's Annual Governance Statement and Narrative Report. It published them on its website in line with the national deadlines.

Both documents were prepared in line with the CIPFA Code and relevant supporting guidance. We confirmed that both documents were consistent with the financial statements prepared by the Council and with our knowledge of the Council.

Certificate of closure of the audit

We are also required to certify that we have completed the audit of the accounts of Teignbridge District Council in accordance with the requirements of the Code of Audit Practice. The Council is below the WGA Threshold and an assurance statement confirming this was issued.

Value for Money conclusion

Background

We carried out our review in accordance with the NAO Code of Audit Practice, following the guidance issued by the NAO in November 2017 which specified the criterion for auditors to evaluate:

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

Key findings

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

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

We made no recommendations in respect of our work on the Council's Value for Money arrangements

Overall Value for Money conclusion

We are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2018.

Value for Money conclusion

Key Value for Money Risks

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Financial sustainability</p> <p>The Council's medium term revenue budget summary shows the Council will require £217,000 of its reserves to Balance the budget in 2020/21. The Revenue Support Grant will have been cut to zero by 2018/19 and overall the Council faces a 12% cut in cash income in each of the three years. Identification and delivery of the required efficiencies will need careful management.</p> <p>20</p>	<p>We reviewed the Council's arrangements for putting together and agreeing its medium term financial plan, including identification of savings plans; and its arrangements for monitoring and managing delivery of its budget and savings plans for 2017/18 and beyond.</p>	<p>The Council is not currently experiencing difficulties in achieving its financial plans. However, the Council is forecasting an increase in pressures in future years. Regular monitoring will be needed to ensure the Council remains on track to achieve its financial plans.</p> <p>At 31 March 2018, the council finds itself in a good financial position with an increase in General Fund balances of £3.5m in 2017/18 although a £2.1m of this resulted from windfall gains.</p> <p>The general reserves at the end of the year were at £1.9 million against an estimate of £1.64 million, which is a positive sign. Earmarked reserves increased from £7.8m to £11m.</p> <p>The Revenue Support Grant will have been cut to zero by 2019/20 and the council seem to be preparing well for the reduction and eventual disappearance of the revenue support grant through initiatives such as the business rates pilot scheme. Nevertheless, further savings will need to be made post 2020.</p> <p>The Council's executive receives budget monitoring reports at set times through the year.</p>

A. Reports issued and fees

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

Reports issued

Report	Date issued
Audit Plan	22 March 2018
Audit Findings Report	30 July 2018
Annual Audit Letter	3 August 2018

Fees for non-audit services

Service	Fees £
Audit related services (y/e 31 March 2017) <ul style="list-style-type: none">Housing Benefit Grant Certification	7,098
Non-Audit related services <ul style="list-style-type: none">Governance at Heart of the SW LEP	35,750

Fees

	Planned £	Actual fees £	2016/17 fees £
Statutory Council audit	48,363	48,363	48,363
Housing Benefit Grant Certification	5,478	TBC	7,098
Total fees	53,841		55,461

The planned fees for the year were in line with the scale fee set by Public Sector Audit Appointments Ltd (PSAA)

Non- audit services

- The work carried out for the Heart of the South West LEP was undertaken, by a separate team, Independent of the Audit team. The work was commissioned and billed to Somerset County Council. We are obliged to inform you of this work.
- For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The table above summarises all non-audit services which were identified.
- We have considered whether non-audit services might be perceived as a threat to our independence as the Council's auditor and have ensured that appropriate safeguards are put in place.

The above non-audit services are consistent with the Council's policy on the allotment of non-audit work to your auditor

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AUDIT SCRUTINY COMMITTEE

CHAIRMAN: Cllr Chris Clearance

DATE: 11 September 2018

REPORT OF: Audit Manager

SUBJECT: INTERNAL AUDIT REPORT and
DATA PROTECTION UPDATE

PART I

RECOMMENDATION

To note the report.

1. PURPOSE

- 1.1 To advise members of recent progress against the Audit Plan; the outcomes of completed audits; and additional duties being undertaken by the audit team.

2. BACKGROUND

- 2.1 The Audit Plan is approved by the Audit Scrutiny Committee in March annually and progress is reported at every meeting thereafter.
- 2.2 Internal audit reviews lead to an opinion on the effectiveness of the framework of risk management, control and governance of the area under review. Assurance opinions are graded as follows:

Excellent	★★★★	The areas reviewed were found to be well controlled, internal controls are in place and operating effectively. Risks against achieving objectives are well managed.
Good	★★★	Most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some areas for improvement have been identified.
Fair	★★	There is a basic control framework in place, but most of the areas reviewed were not found to be adequately controlled. Generally risks are not well managed and require controls to be strengthened to ensure the achievement of system objectives.
Poor	★	Controls are seriously lacking or ineffective in their operation. No assurance can be given that the system's objectives will be achieved.

3. AUDIT PLAN 2018 – 2019 Progress at 11 September 2018

PROJECT	STATUS	OPINION
Governance Review and AGS	Complete	Good
LAHS Housing Data Return	Complete	Good
Safeguarding	Complete	Good
Car Loans and Cycle Scheme	Draft Report Issued	Good
Housing Contract Management	Draft Report Issued	Good
Housing Allocations (counter fraud work)	In Progress	-
Corporate Procurement (Credit) Cards	In Progress	-
Travel and Subsistence	In Progress	-
Community Infrastructure Levy (CIL)	-	-
Coastal Monitoring Programme	-	-
BACS – Smarter Pay System	-	-
Estates	-	-
Information Governance & Cyber Risk	-	-
Risk Register	-	-
Human Resources - Recruitment	-	-
Benefits and Council Tax Support	-	-
Council Tax	-	-
Creditor Payments	-	-
Debtors	-	-
Income and Banking	-	-
Main Accounting and Budgetary Control	-	-
Payroll	-	-
NDR (Business Rates)	-	-
Treasury Management	-	-
Leisure Centres	Please see below	
Licensing		
Register of Interests, Hospitality and Gifts		

3.1 Summarised findings for audits recently completed is shown in **Appendix A** below.

4. CHANGES WITHIN THE AUDIT SERVICE: NEW DATA PROTECTION and FREEDOM OF INFORMATION DUTIES

- 4.1 Following recent management changes, the Audit team now have responsibility for Freedom of Information and Data Protection including the statutory Data Protection Officer (DPO) role.
- 4.2 As members are already aware, much work has been undertaken over the last few months to implement the requirements of the General Data Protection Regulations and Data Protection Act 2018. Members are also aware that under the previous management, consultants (Data Protection Advisory Services) were engaged to help prepare the Council for GDPR compliance. Core work was needed to underpin this and embed the necessary processes, and this remains ongoing to deliver the DPO service (for example investigation of breaches; data sharing agreements; ICO liaison; reviewing and facilitating data protection impact assessments for systems; dealing with subject access requests; policy work; and ongoing advice to staff and members).
- 4.3 Both the Audit Manager and full time Auditor have been involved in this work. The Auditor is GDPR qualified, so it is proposed for her to continue providing the DPO support role until 31 March 2018, by which time we will have a clearer idea of the Council's data protection needs on a more permanent basis.
- 4.4 Freedom of Information (FOI) support is provided by the Administration Assistant in Democratic Services. Approximately 260 FOI requests have been processed since April showing this continues to demand significant time.
- 4.5 A review of the Audit Plan has been undertaken to ascertain the level of backfill required for the loss of Auditor time. It is proposed to reduce this year's plan by removing the Leisure Centres; Licensing; and Register of Interests audits as noted above. The remaining audits will be accommodated through a combination of additional hours to be worked by the part time auditor and additional external support.

5. CONCLUSION AND RECOMMENDATION

- 5.1 The proposal above provides a means of covering the expanded role of the team in a cost effective way. It will be kept under review to ensure sufficient audit work is delivered to support the annual assurance opinion.
- 5.2 Members are recommended to note the report.

Sue Heath - Audit Manager

Wards affected	N/A
Contact for any more information	<i>Sue Heath – Audit Manager – 01626 215258</i>
Background Papers (For Part I reports only)	<i>Audit Files and Final Reports File 2018 – 2019</i>
Key Decision	<i>N</i>
In Forward Plan	<i>N</i>
In Audit Scrutiny Work Programme	<i>Y</i>

**TEIGNBRIDGE DISTRICT COUNCIL
AUDIT SCRUTINY COMMITTEE**

Summary of Internal Audits Completed

PROJECT TITLE	SUMMARY
Governance Review and Annual Governance Statement (AGS)	Reported in detail at the June meeting.
Audit Opinion: Good ***	The AGS is included in the Financial Statements which were reviewed and approved by Full Council in July 2018.
Risk Management	At the request of the Business Improvement and Development Team Leader we tested corporate risk CP03, Partnership Management. We considered the mitigations to manage this risk to confirm appropriateness and adequacy and tested them to confirm their effectiveness and application. Findings were positive and no change or amendment required. We also considered the process for the recently reviewed strategic risk, ST18, Lack of Effective Risk Management.
Local Authority Housing Statistics (LAHS)	Local Authority Statistics on Housing are submitted annually to the Ministry of Housing, Communities and Local Government (MHCLG) formerly the Department for Communities and Local Government (DCLG). This audit, requested by the Housing Business Manager, verified the accuracy of data prior to submission. The auditor was satisfied that all fields of the return had been completed with data that could be verified to the systems from which it was derived; that calculation methodologies were correct; and final figures were accurate. Data was submitted via DELTA the Government's new online collection and reporting system. The submission deadline date of the 20 th July 2018 was met.
Emergency Planning and Business Continuity	Teignbridge along with several other local authorities is part of the Devon Emergency Planning Service (DEPS). The audit took account of key risks for the service. Emergency Planning arrangements were generally effective.
Audit Opinion: Good ***	Business Continuity plans are currently being redrafted and updated arrangements will be incorporated in the Emergency Plan in March 2019.

**TEIGNBRIDGE DISTRICT COUNCIL
AUDIT SCRUTINY COMMITTEE**

Summary of Internal Audits Completed

PROJECT TITLE	SUMMARY
Safeguarding	<p>Section 11 of the Children Act 2004 places a statutory obligation on district councils, to ensure their functions, and any services that they contract out to others, are discharged having regard to the need to safeguard and promote the welfare of children, as well as the Care Act 2014 reinforcing the importance of organisations working together to protect vulnerable adults from abuse.</p> <p>Even though the authority is not directly responsible for social care services, its staff and members will come into contact with children and young people in delivering services such as housing, environmental health, benefits, planning, council tax collection, car parking, recycling and refuse collection, parks, open spaces, and leisure centres. Furthermore, the authority is responsible for the regulation of the Hackney Carriage and Private Hire trades within the district.</p> <p>Recommendations have been included for the safeguarding responsibilities to be formalised in the relevant job descriptions; for specific training to be given to the designated Lead Member and Elected Members; and the identification of staff members who need to undertake higher level specialised safeguarding training as they are in regular contact with children, young people and vulnerable adults.</p> <p>Also, for the Licensing Manager to ensure that all safeguarding requirements are included in the Hackney Carriages and Private Hire policy and procedures including the completion of an approved safeguarding training / awareness raising course to incorporate child sexual exploitation.</p>
Audit Opinion: Good ***	

**TEIGNBRIDGE DISTRICT COUNCIL
AUDIT SCRUTINY COMMITTEE**

Summary of Internal Audits Completed

Follow Up Audits

The effectiveness of audits is increased if agreed actions are implemented. The audit cycle allows for a follow up check to be made on any important recommendations at an agreed time after each review. Details of completed follow ups are shown below:

Health and Safety Audit Opinion: Good ***	Original audit: January 2018 Follow up: June 2018 8 recommendations were made. 3 have been implemented and work continues on 5. These mainly relate to training/staff awareness and are pending the arrival of the new Health & Safety Officer next month.
Risk Management Audit Opinion: Good ***	Original audit: May 2017 Follow up: June 2018 All 9 recommendations have been actioned and implemented.
Debtors Audit Opinion: Good ***	Original audit: May 2017 Follow up: April 2018 11 of the 13 recommendations have been actioned. Two remain ongoing and will be considered as part of the 2018 – 2019 Debtor audit. They relate to the process for collecting Penalty Charge Notices which the planned new car parks system will address; and the management of corporate utility re-charges which is on hold pending the outcome of the One Teignbridge project.
NDR (Business Rates) Audit Opinion: Good ***	Original audit: March 2017 Follow up: April 2018 Two recommendations were made both of which have been implemented.

**TEIGNBRIDGE DISTRICT COUNCIL
AUDIT SCRUTINY COMMITTEE**

Summary of Internal Audits Completed

Building Control	Original audit: November 2017 Follow up: April 2018 14 recommendations were made. 7 have been implemented and work continues on the remaining 7 including the review and completion of the Strata/corporate disaster recovery and business continuity plan.
Corporate Purchasing Cards	Original audit: August 2017 Follow up: April 2018 8 recommendations were made. 5 have been implemented and work continues on the remaining 3. Two of these were 'best practice' (minor issues) and the remainder relates to training other staff for business continuity cover.
Update on Other Activities	<p>Anti-Money Laundering Policy The Anti-Money Laundering Policy is currently being reviewed and updated. Re-launch of updated publication and staff training / awareness will follow shortly.</p> <p>Money Laundering Incident A recent incident highlighted by a staff member of a possible money laundering transaction has been dealt with.</p> <p>One Teignbridge Transformation Project Ongoing involvement including completion of Firmstep Data Protection Impact Assessment; process mapping workshops and privacy notices for online forms.</p>

**TEIGNBRIDGE DISTRICT COUNCIL
AUDIT SCRUTINY COMMITTEE**

Summary of Internal Audits Completed

Data Protection & FOI	<p>Data Protection Intranet Webpage An intranet page has been added to 'The Bridge' for information and guidance to staff including templates for Data Protection Impact Assessments, Data Breach process, etc.</p> <p>Email Footer A corporate email footer has been added to all staff outgoing emails advising of the Council's privacy policy.</p> <p>Data Retention Policy and Schedule The Data Retention Policy has been reviewed and updated.</p> <p>Safe Emailing and Good Practice Guidance has been issued.</p> <p>Data Protection Impact Assessments Data Protection Impact assessments are now being completed for all new systems and system changes. These are mandatory and consider the impact the proposed project or systems change will have on people and their data. They assess the privacy risks and ensure measures are put in place to manage them. We are working closely with Strata colleagues on data security issues and with other Councils where systems are shared.</p> <p>Data Breach Incidents We have investigated four incidents. Two were not breaches and two were minor "near misses".</p> <p>Data Sharing Agreements Work continues to ensure the appropriate data sharing agreements are in place where necessary and again Strata are supporting us on this as our main Data Processor.</p> <p>Subject Access Requests All individuals have the right to see what data an organisation holds on them and they may exercise this right through a Subject Access Request (SAR). 9 SAR's have been received since GDPR arrived in May 2018.</p>
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**TEIGNBRIDGE DISTRICT COUNCIL
AUDIT SCRUTINY COMMITTEE**

Summary of Internal Audits Completed

	<p>Freedom of Information requests have been received as follows:</p> <p>April: 58 May: 58 June: 39 July: 51 Aug: 47</p> <p>Details of the information requested are usually reported in the Members' newsletter.</p>
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32

TEIGNBRIDGE DISTRICT COUNCIL

AUDIT SCRUTINY COMMITTEE

CHAIRMAN: Councillor Chris Clarance

DATE: 11 September 2018

REPORT OF: Audit Manager

SUBJECT: FINANCIAL INSTRUCTIONS and
CONTRACT PROCEDURE RULES – WAIVERS

PART I**RECOMMENDATION**

That the report is noted.

1. PURPOSE

1.1 To inform Members of the number of times the Financial Instructions and Contract Procedure Rules have been waived and the reasons for this.

2. BACKGROUND

2.1 The Financial Instructions and Contract Procedure Rules provide the framework for managing the Council's financial affairs. They apply to every member and officer of the Council and anyone acting on its behalf.

2.2 Sometimes there are instances where the rules cannot be followed and requests are made to waive them. One of the following criteria must be met:

1	LIFE OR DEATH There is significant chance that the life or health of officers, members, or the public will be put at real risk.
2	INCREASED COST / LOSS OF INCOME The Council will incur significant avoidable costs or lose significant income.
3	LIMITED MARKETS The Council would be wasting its time tendering as supply of the product or service is demonstrably restricted to one or few businesses.
4	URGENT ACTION REQUIRED The Council would be criticised for failing to act promptly.

TEIGNBRIDGE DISTRICT COUNCIL

3. WAIVERS

- 3.1 The following waivers have been processed since the July 2018 monitoring report:

Proposing Officer	Proposal / Reason	Approval
Pete Briscoe Project Engineer	Former Europlas Building Procurement of a multi-disciplined team to undertake the works for the refurbishment of these premises. A request for quotation was issued with 6 contractors invited to participate. The actual value of quotations far exceeded the estimate and consequently the value fell into the threshold for which formal tendering would normally be required. Due to the tight timescale; fact that a competitive procurement exercise had already been followed; and the value being below the EU threshold, it was agreed not to restart the tender process and accept the most economically advantageous of the quotations already received. Value: £160,000.00	Phil Shears Managing Director

4. RECOMMENDATION

That the report be noted.

Sue Heath
Audit Manager

Wards affected	-
Contact for any more information	<i>Sue Heath – Audit Manager – 01626 215258</i>
Background Papers (For Part I reports only)	<i>Financial Instructions Waivers File – Internal Audit</i>
Key Decision	-
In Forward Plan	-
In O & S Work Programme	-