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5 December 2018

AUDIT SCRUTINY COMMITTEE

Dear Councillor

You are invited to a meeting of the above Committee which will take place on **Thursday, 13th December, 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 Connett
Councillor Mike Haines
Councillor Ron Peart
Councillor Bill Thorne
Councillor Martin Wrigley

A link to the agenda on the Council's website is emailed FOR INFORMATION (less reports (if any) containing Exempt Information referred to in Part II of the agenda), to:

- (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

Public Access Statement

- There is an opportunity for members of the public to ask questions at this meeting. Please submit your questions to comsec@teignbridge.gov.uk by **12 Noon** two working days before the meeting.
- If you would like this information in another format, please telephone 01626 361101 or e-mail info@teignbridge.gov.uk
- Agendas and reports are normally published on the Council's website <http://www.teignbridge.gov.uk/agendas> 5 working days prior to the meeting. If you would like to receive an e-mail which contains a link to the website for all forthcoming meetings, please email comsec@teignbridge.gov.uk
- 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 Previous Meeting (Pages 1 - 6)
Confirmation of the minutes of the previous meeting.
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 I (Public)

Items which may be taken in the presence of the Public and Press on the grounds that they are not exempt Information.

6. Safeguarding Audit Update - Verbal Report
7. External Auditors Report and Audit Letter (Pages 7 - 34)
8. Treasury Management update & Mid-year review (Pages 35 - 40)
9. Risk Management Report (Pages 41 - 58)
10. Internal Audit Report (Pages 59 - 64)
11. Contract Waiver Procedure (Pages 65 - 68)

12. Financial Instructions and Contract Rules Waivers (Pages 69 - 70)

13. Data Protection and Cyber Security Update - Verbal Report

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.

Nil.

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AUDIT SCRUTINY COMMITTEE

TUESDAY, 11 SEPTEMBER 2018

Present:

Councillors Clarence (Chairman), Hockin (Vice-Chairman), Dewhirst, Connett, Haines, Peart, Thorne and Wrigley

Members Attendance:

Councillors

Apologies:

Councillors

Officers in Attendance:

Sue Heath, Audit Manager
Claire Moors, Principal Technical Accountant
Nigel Piller, Housing Benefit & Council Tax Team Leader
Richard Rainbow, Drainage and Coastal Manager
Tracey Hooper, Revenue, Benefits & Fraud Manager
James Teed, Leisure Manager
Graeme Smith, Coastal Officer
Peter Briscoe, Project Officer
Mark Devin, Democratic Services Officer (Exeter City Council)

151. APOLOGIES FOR ABSENCE

No apologies received.

152. MINUTES OF THE PREVIOUS MEETING

The minutes of the Audit Scrutiny Committee meeting held on 19 July 2018 were confirmed as a correct record and signed by the Chairman.

153. DECLARATIONS OF INTEREST.

The following Member declared an interest as indicated:-

COUNCILLOR	MINUTE
Councillor Wrigley	160

154. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT - EXCLUSION OF PRESS AND PUBLIC

RESOLVED that, under Section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting for the consideration of the following item on the grounds that it included the likely disclosure of exempt information as defined in paragraph 3, of Part 1 of Schedule 12A of the Act.

155. RISK BASED VERIFICATION POLICY- UPDATE

The Housing Benefit & Council Tax Team Leader presented the report on the Councils Risk Based Verification Policy.

That the Audit Scrutiny Committee noted the report.

Meeting returned to Part I

156. LEISURE EQUIPMENT PROCUREMENT

The Leisure Manager provided a verbal update on the procurement of leisure equipment. He explained that the equipment choices were part of the five year programme to assess equipment for replacement and repair. He had met with suppliers to see the available products and demonstrations of the equipment in use. He had sought feedback from operators of the equipment and undertaken a consultation with staff and customers about what leisure equipment they would require.

Following assessments of leisure centre spaces and requirements, Technogym equipment package had been chosen as the best purchase option. In response to questions from Members, the Leisure Manager and Audit Manager responded:-

- Users had been canvassed both directly and through writing to get their opinions on the equipment based around their requirements;
- Social media had not been used for canvassing information for gym equipment, but had been used for junior services;
- A £40k budget was set but as surplus capital funds were then available, the team were in a position to afford more equipment;
- There had recently been experienced increases in costs for services and repairs, which supported the decision to replace more equipment;
- The procurement officer and Finance Manager had been consulted on the over-spending. It has been waived further along the tendering process to avoid having to later repeat having to go out to tender as a competitive process had

already been followed, the market had been tested;

- Improvements to marketing intelligence and officer training were being put into place and raised awareness of spending would also ensure that procurement was moved forward to ensure no future over spending;
- The threshold for going to waiver was £50,000 or above and would require Senior Management and Council Leader approval at Executive Committee. Improved Scrutiny would also ensure improvements for the future.

Members expressed their concern and dissatisfaction of the overspending and that the report presented was verbal, rather than a written report as requested. They further highlighted their concern that procedure had not been followed.

Resolved

Members requested a written report on the proposals and the measures put in place for procurement for the Audit Scrutiny Committee meeting held on 13 December 2018.

157. GRANT THORNTON: 2017/18 TDC ANNUAL AUDIT LETTER

The Audit Manager passed on the apologies of Grant Thornton. The Principal Technical Accountant stated that the letter summarised the work and key findings from Grant Thornton for the year ending March 2018. She discussed the significant audit risks and the final reports issued and feedback provided.

Members commented that there appeared to be mistakes and missing information in the report and requested a revised report be issued.

Resolved

That Members noted the report but requested a revised report be issued and comments be fed back to the External Auditor.

158. INTERNAL AUDIT REPORT

The Audit Manager presented the report which advised members of the recent progress against the Audit Plan, the outcomes of the completed audits and the additional duties undertaken by the audit team. The Audit Plan was approved annually by the Audit Scrutiny Committee and progress was reported back at each meeting. She highlighted that the emergency planning audit had been completed but had not been shown in the report.

She discussed recent management changes, which now meant the Audit team having responsibility for Freedom of Information (FOI) and Data Protection. The temporary Auditor was GDPR qualified and would provide Data Protection support until 31 March 2018. A further assessment would then be made of the Council's

needs. The Audit Manager explained that, in order to accommodate the Data Protection work it had been proposed to remove the Leisure Centres, Licensing and Register of Interests audits from the Audit Plan. The remaining audits would be managed through additional hours worked by the part time auditor and additional external support.

Members were informed about the completed internal audits, and the data protection and FOI work, noting that there had been an increase in Subject Access Requests. The Audit Manager gave an overview of reported data breaches investigated.

Members discussed the safeguarding audit score and expressed concerns, with the low level of completed Member and officer training in safeguarding. Further comments included concern with the training portal functionality, Leisure Centres needed to remain on the audit plan, and Members' access to risk information.

In response to questions from Members, the Audit Manager responded:-

- The audit plan could be re-worked to incorporate Leisure Centres, but another area may have to be removed, which would be discussed with senior management;
- A corporate email footer showing the Council's privacy notice is now in place;
- An email good practice guide had been issued to staff. Further advice could also be issued to members in addition to that already provided in the Members' Newsletter;
- Comments on safeguarding training and the training portal would be taken back to the Auditor.

Resolved

That further information on the Safeguarding audit and the measures taken to address the recommendations be provided at the Audit Scrutiny Committee meeting to be held on 13 December 2018.

159. FINANCIAL INSTRUCTIONS AND CONTRACT PROCEDURE RULES

The Audit Manager presented the report which detailed where and why the financial instructions and contract procedure rules had been waived.

The Project Engineer explained the waiver and reasoning for the former Europlas building, highlighting that a request for quotation was issued to six contractors, but the value of quotations exceeded the threshold above which invitations to tender are required. Due to timescales it had been agreed not to restart the tender process and accept the most economically advantageous quotation received.

In response to Member questions, the Project Officer explained:-

- A mistake had been made on the tender portal, request for quotation had been selected instead of invitation to tender;
- There were structural and architectural disciplines based on the percentage of the overall building works. This percentage was an estimate based on the information available.

Resolved

That the Audit Scrutiny Committee noted the report.

160. TEIGN ESTUARY AND COASTAL PARTNERSHIP AUDIT

The Coastal Officer and Drainage and Coastal Manager presented a verbal report on the Teign Estuary and Coastal Partnership, explaining the history of the Partnership, how it functions and the work undertaken.

In response to Member questions, the Coastal Officer and Drainage and Coastal Manager responded:-

- Management meetings between the Coastal Officer and the Drainage and Coastal Manager were held on a monthly basis over the last eight months, since the appointment of the Coastal and Drainage Manager.
- Steering group meetings with the Partnership would provide a timeline for dates for completion of projects. The strategic delivery of partnership projects was overseen by the Coastal Partnership's Steering Group;
- Information and project dates could be provided to Members through audit reports and updates at the Audit Scrutiny Committee. The Council would also be kept informed through Portfolio Holder and Members who would also sit on the Partnership's Steering Group;
- The Partnership was currently undertaking a scheduled five year review of Strategic Policies and associated project delivery priorities to cover the period 2019-24 and a written draft supplementary report could be provided to the Committee at the December meeting, or a complete report including public consultation and Steering Group adoption could be provided in March 2019.

Resolved

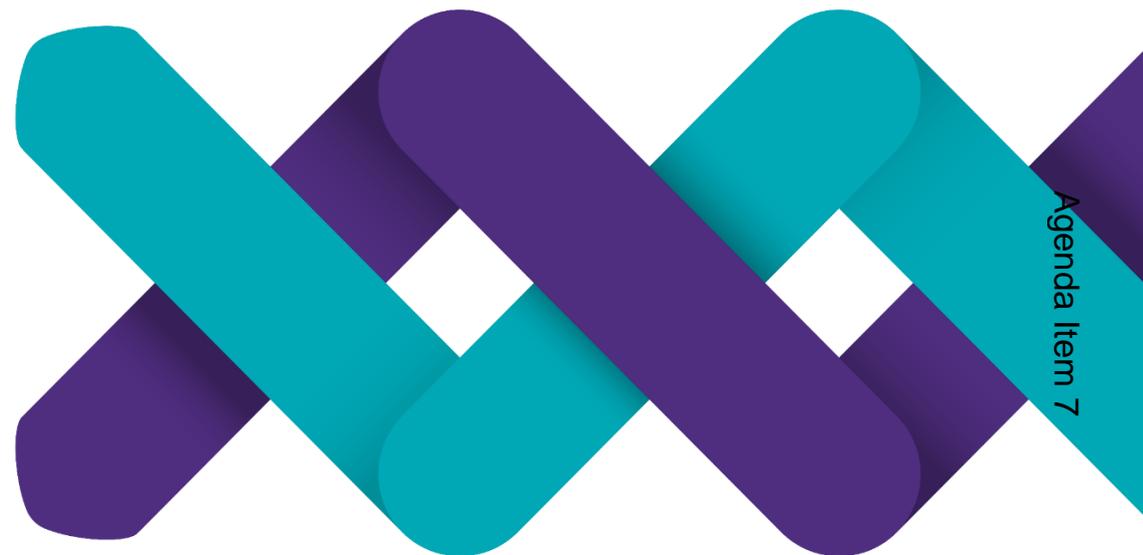
That the Audit Scrutiny Committee agreed for a final written report be provided for the Audit Scrutiny meeting on 21 March 2019.

Cllr Chris Clarence
Chairman

Audit Progress Report and Sector Update

Teignbridge District Council
Year ending 31 March 2019

12 December 2018



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Introduction



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This paper provides the Audit 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; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

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

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

Progress at 30 November 2018

Financial Statements Audit

We have started planning for the 2018/19 financial statements audit and are due to commence our interim audit in March 2019. Our interim fieldwork visit is expected to include:

- Updated review of the Council's control environment
- Updated understanding of financial systems
- Review of Internal Audit reports on core financial systems
- Early work on emerging accounting issues
- Early substantive testing.

We expect to issue out audit plan summarising our approach to the key risks in our Audit plan to be presented to the 21 March 2019 Audit Committee.

We will report any findings from the interim audit to you in our Progress Report at the 21 March 2019 Audit committee.

Value for Money

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

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

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

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

We will begin our initial risk assessment to determine our approach in November 2018 and the result of this will be included in our Audit plan to be presented to the 21 March 2019 Audit Committee.

We will report our work in the Audit Findings Report and give our Value For Money Conclusion by the deadline of 31 July 2019.

Other areas

Certification of claims and returns

We are required to certify the Council's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions. This certification work for the 2018/19 claim will be concluded by November 2019.

The results of the certification work are reported to you in our certification letter.

Meetings

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

Events

We provide a range of workshops, along with network events for members and publications to support the Council.

Our next event is the Local Government Audit update, scheduled for February 2019. Your officers have been invited.

Further details of the publications that may be of interest to the Council are set out in our Sector Update section of this report.

Audit Deliverables

2017/18 Deliverables	Planned Date	Status
Annual Certification Letter This letter reports any matters arising from our certification work carried out under the PSAA contract.	November 2018	On the December 2018 agenda
2018/19 Deliverables	Planned Date	Status
Fee Letter Confirming the audit fee for 2018/19.	March 2018	Complete
Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2018-19 financial statements.	21 March 2019	Not yet due
Interim Audit Findings We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.	21 March 2019	Not yet due
Audit Findings Report The Audit Findings Report will be reported to the July Audit Committee.	17 July 2019	Not yet due
Auditors Report This is the opinion on your financial statement, annual governance statement and value for money conclusion.	17 July 2019	Not yet due
Annual Audit Letter This letter communicates the key issues arising from our work.	August 2019	Not yet due
Annual Certification Letter This letter reports any matters arising from our certification work.	November 2019	Not yet due

Sector Update

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

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider Local Government 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

CIPFA consultation – Financial Resilience Index

The Chartered Institute of Public Finance and Accountancy (CIPFA) has consulted on its plans to provide an authoritative measure of local authority financial resilience via a new index. The index, based on publically available information, will provide an assessment of the relative financial health of each English council.

CIPFA has designed the index to provide reassurance to councils who are financially stable and prompt challenge where it may be needed. To understand the sector's views, CIPFA invited all interested parties to respond to questions it has put forward in the consultation by the 24 August.

The decision to develop an index is driven by CIPFA's desire to support the local government sector as it faces a continued financial challenge. The index will not be a predictive model but a diagnostic tool – designed to identify those councils displaying consistent and comparable features that will highlight good practice, but crucially, also point to areas which are associated with financial failure. The information for each council will show their relative position to other councils of the same type. Use of the index will support councils in identifying areas of weakness and enable them to take action to reduce the risk of financial failure. The index will also provide a transparent and independent analysis based on a sound evidence base.

The proposed approach draws on CIPFA's evidence of the factors associated with financial stress, including:

- running down reserves
- failure to plan and deliver savings in service provision
- shortening medium-term financial planning horizons.
- gaps in saving plans
- departments having unplanned overspends and/or undelivered savings.

Conversations with senior practitioners and sector experts have elicited a number of additional potential factors, including:

- the dependency on external central financing
- the proportion of non-discretionary spending – e.g. social care and capital financing - as a proportion of total expenditure
- an adverse (inadequate) judgement by Ofsted on Children's services
- changes in accounting policies (including a change by the council of their minimum revenue provision)
- poor returns on investments
- low level of confidence in financial management.

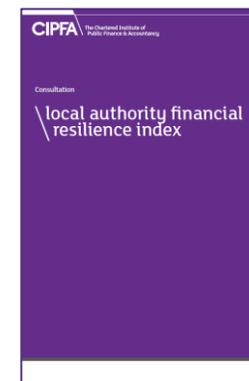
The consultation document proposes scoring six key indicators:

1. The level of total reserves excluding schools and public health as a proportion of net revenue expenditure.
2. The percentage change in reserves, excluding schools and public health, over the past three years.
3. The ratio of government grants to net revenue expenditure.
4. Proportion of net revenue expenditure accounted for by children's social care, adult social care and debt interest payments.
5. Ofsted overall rating for children's social care.
6. Auditor's VFM judgement.

CIPFA Consultation

Challenge question:

Has your Head of Finance briefed members on the Council's response to the Financial Resilience Index consultation?



MHCLG – Social Housing Green Paper

The Ministry of Housing, Communities and Local Government (MHCLG) published the Social Housing Green Paper, which seeks views on government's new vision for social housing providing safe, secure homes that help people get on with their lives.

With 4 million households living in social housing and projections for this to rise annually, it is crucial that MHCLG tackle the issues facing both residents and landlords in social housing.

The Green Paper aims to rebalance the relationship between residents and landlords, tackle stigma and ensure that social housing can be both a stable base that supports people when they need it and also support social mobility. The paper proposes fundamental reform to ensure social homes provide an essential, safe, well managed service for all those who need it.

To shape this Green Paper, residents across the country were asked for their views on social housing. Almost 1,000 tenants shared their views with ministers at 14 events across the country, and over 7,000 people contributed their opinions, issues and concerns online; sharing their thoughts and ideas about social housing,

The Green Paper outlines five principles which will underpin a new, fairer deal for social housing residents:

- Tackling stigma and celebrating thriving communities
- Expanding supply and supporting home ownership
- Effective resolution of complaints
- Empowering residents and strengthening the regulator
- Ensuring homes are safe and decent

Consultation on the Green Paper is now underway, which seeks to provide everyone with an opportunity to submit views on proposals for the future of social housing and will run until 6 November 2018.

The Green Paper presents the opportunity to look afresh at the regulatory framework (which was last reviewed nearly eight years ago). Alongside this, MHCLG have published a Call for Evidence which seeks views on how the current regulatory framework is operating and will inform what regulatory changes are required to deliver regulation that is fit for purpose.

The Green Paper acknowledges that to deliver the social homes required, local authorities will need support to build by:

- allowing them to borrow
- exploring new flexibilities over how to spend Right to Buy receipts
- not requiring them to make a payment in respect of their vacant higher value council homes

As a result of concerns raised by residents, MHCLG has decided not to implement at this time the provisions in the Housing and Planning Act to make fixed term tenancies mandatory for local authority tenants.

The Green Paper is available on the MHCLG's website at:

<https://www.gov.uk/government/consultations/a-new-deal-for-social-housing>

Social Housing Green Paper Consultation



Challenge question:

What does the Social Housing Green Paper mean for your local authority?



MHCLG – Business rate pilots

The Secretary of State has invited more councils to apply for powers to retain the growth in their business rates under the new pilots. The pilots will see councils rewarded for supporting local firms and local jobs and ensure they benefit directly from the proceeds of economic growth.

From April 2019, selected pilot areas will be able to retain 75% of the growth in income raised through business rates, incentivising councils to encourage growth in business and on the high street in their areas. This will allow money to stay in communities and be spent on local priorities - including more funding to support frontline services.

This follows the success of previous waves of business rates retention pilots, launched in a wide range of areas across country in 2017 and 2018.

The current 50% business rates retention scheme is yielding strong results and in 2018 to 2019 it is estimated that local authorities will keep around £2.4 billion in business rates growth.

Findings from the new round of pilots will help the government understand how local authorities can smoothly transition into the proposed system in 2020.

Proposals will need to show how local authorities would 'pool' their business rates and work collaboratively to promote financial sustainability, growth or a combination of these.

Alongside the pilots, the government will continue to work with local authorities, the Local Government Association, and others on reform options that give local authorities more control over the money they raise and are sustainable in the long term.

The invitation is addressed to all authorities in England, excluding those with ongoing business rates retention pilots in devolution areas and London. Due to affordability constraints, it may be necessary to assess applications against selection criteria, which will include:

- Proposed pooling arrangements operate across a functional economic area
- Proposal demonstrates how pooled income from growth will be used across the pilot area to either boost further growth, promote financial sustainability or a combination of these
- Proposal sets out robust governance arrangements for strategic decision-making around management of risk and reward and outlines how these support the participating authorities' proposed pooling arrangements

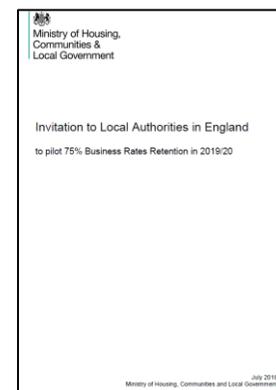
Any proposals will need to show that all participating authorities have agreed to become part of the suggested pool and share additional growth as outlined in the bid. The Section 151 officer of each authority will need to sign off the proposal before submission.

Proposal for new pilots must be received the MHCLG by midnight on Tuesday 25th September 2018.

Business Rates pilots 2019/20

Challenge question:

Has your authority considered applying to be a Business Rates pilot?



Institute of Fiscal Studies: Impact of ‘Fair Funding Review’

The IFS has published a paper that focuses on the issues arising in assessing the spending needs of different councils. The government’s ‘Fair Funding Review’ is aimed at designing a new system for allocating funding between councils. It will update and improve methods for estimating councils’ differing abilities to raise revenues and their differing spending needs. The government is looking for the new system to be simple and transparent, but at the same time robust and evidence based.

Accounting for councils’ spending needs

The IFS note that the Review is seeking a less subjective and more transparent approach which is focused on the relationship between spending and needs indicators. However, like any funding system, there will be limitations, for example, any attempt to assess needs will be affected by the MHCLG’s funding policies adopted in the year of data used to estimate the spending needs formula. A key consideration will be the inherently subjective nature of ‘spending needs’ and ‘needs indicators’, and how this will be dealt with under any new funding approach. Whilst no assessment of spending needs can be truly objective, the IFS state it can and should be evidence based.

The IFS also note that transparency will be critical, particularly in relation to the impact that different choices will have for different councils, such as the year of data used and the needs indicators selected. These differentiating factors and their consequences will need to be understood and debated.

Accounting for councils’ revenues

The biggest source of locally-raised revenue for councils is and will continue to be council tax. However, there is significant variation between councils in the amount of council tax raised per person. The IFS identify that a key decision for the Fair Funding Review is the extent to which tax bases or actual revenues should be used for determining funding levels going forward.

Councils also raise significant sums of money from levying fees and charges, although this varies dramatically across the country. The IFS note that it is difficult to take account of these differences in a new funding system as there is no well-defined measure of revenue raising capacity from sales, fees and charges, unlike council tax where the tax base can be used.

The overall system: redistribution, incentives and transparency

The IFS also identify that an important policy decision for the new system is the extent to which it prioritises redistribution between councils, compared to financial incentives for councils to improve their own socio-economic lot. A system that fully and immediately equalises for differences in assessed spending needs and revenue-raising capacity will help ensure different councils can provide similar standards of public services. However, it would provide little financial incentive for councils to tackle the drivers of spending needs and boost local economics and tax bases.

Further detail on the impact of the fair funding review can be found in the full report <https://www.ifs.org.uk/uploads/publications/comms/R148.pdf>.



In good company: Latest trends in local authority trading companies

Our recent report looks at trends in LATC's (Local Government Authority Trading Companies). These deliver a wide range of services across the country and range from wholly owned companies to joint ventures, all within the public and private sector.

Outsourcing versus local authority trading companies

The rise of trading companies is, in part, due to the decline in popularity of outsourcing. The majority of outsourced contracts operate successfully, and continue to deliver significant savings. But recent high profile failures, problems with inflexible contracts and poor contract management mean that outsourcing has fallen out of favour. The days of large scale outsourcing of council services has gone.

Advantages of local authority trading companies

- Authorities can keep direct control over their providers
- Opportunities for any profits to be returned to the council
- Provides suitable opportunity to change the local authority terms and conditions, particularly with regard to pensions, can also bring significant reductions in the cost base of the service
- Having a separate company allows the authority to move away from the constraints of the councils decision making processes, becoming more agile and responsive to changes in demand or funding
- Wider powers to trade through the Localism act provide the company with the opportunity to win contracts elsewhere

Choosing the right company model

The most common company models adopted by councils are:

Wholly
owned

Joint
Ventures

Social
Enterprise

Wholly owned companies are common because they allow local authorities to retain the risk and reward. And governance is less complicated. Direct labour organisations such as Cormac and Oxford Direct Services have both transferred out in this way.

JVs have become increasingly popular as a means of leveraging growth. Pioneered by Norse, Corserv and Vertas organisations are developing the model. Alternatively, if there is a social motive rather than a profit one, the social enterprise model is the best option, as it can enable access to grant funding to drive growth.

Getting it right through effective governance

While there are pitfalls in establishing these companies, those that have got it right are: seizing the advantages of a more commercial mind-set, generating revenue, driving efficiencies and improving the quality of services. By developing effective governance they can be more flexible and grow business without micromanagement from the council.

LATC's need to adapt for the future

- LATC's must adapt to developments in the external environment
 - These include possible changes to the public procurement rules after Brexit and new local authority structures. Also responding to an increasingly crowded and competitive market where there could be more mergers and insolvencies.
- Authorities need to be open to different ways of doing things, driving further developments of new trading companies. Relieving pressures on councils to find the most efficient ways of doing more with less in today's austere climate.

Overall, joint ventures can be a viable alternative delivery model for local authorities. Our research indicates that the numbers of joint ventures will continue to rise, and in particular we expect to see others follow examples of successful public-public partnerships.



[Download the report here](#)

Links

Grant Thornton website links

<https://www.grantthornton.co.uk/>

<http://www.grantthornton.co.uk/industries/publicsector>

<https://www.grantthornton.co.uk/en/insights/a-caring-society/>

<https://www.grantthornton.co.uk/en/insights/care-homes-where-are-we-now/>

<https://www.grantthornton.co.uk/en/insights/the-rise-of-local-authority-trading-companies/>

National Audit Office link

<https://www.nao.org.uk/report/the-health-and-social-care-interface/>

CO

Ministry of Housing, Communities and Local Government links

<https://www.gov.uk/government/news/social-housing-green-paper-a-new-deal-for-social-housing>

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/728722/BRR_Pilots_19-20_Prospectus.pdf

Institute for Fiscal Studies

<https://www.ifs.org.uk/uploads/publications/comms/R148.pdf>

Links

Grant Thornton website links

<https://www.grantthornton.co.uk/>

<http://www.grantthornton.co.uk/industries/publicsector>

<https://www.grantthornton.co.uk/en/insights/a-caring-society/>

<https://www.grantthornton.co.uk/en/insights/care-homes-where-are-we-now/>

<https://www.grantthornton.co.uk/en/insights/the-rise-of-local-authority-trading-companies/>

National Audit Office link

<https://www.nao.org.uk/report/the-health-and-social-care-interface/>

Ministry of Housing, Communities and Local Government links

<https://www.gov.uk/government/news/social-housing-green-paper-a-new-deal-for-social-housing>

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/728722/BRR_Pilots_19-20_Prospectus.pdf

Institute for Fiscal Studies

<https://www.ifs.org.uk/uploads/publications/comms/R148.pdf>

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Annual Audit Letter

Year ending 31 March 2018

Teignbridge District Council

3 August 2018



Contents



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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

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

- An efficient audit – we delivered an efficient audit with you in July, delivering the accounts 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
<p>Management override of controls</p> <p>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.</p> <p>The Council faces external scrutiny of its spending, and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>Management over-ride of controls is a risk requiring special audit consideration.</p>	<p>We performed the following work in respect of this risk::</p> <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. 	<p>We did not identify any evidence of management over-ride of controls.</p>
<p>Valuation of property, plant and equipment</p> <p>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.</p> <p>We identified the valuation of land and buildings revaluations and impairments as a risk requiring special audit consideration.</p>	<p>We performed the following work in respect of this risk</p> <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. 	<p>Our work did not identify any material issues in the area.</p>

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>29</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 2019/20 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>32</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 as 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

	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)

Fees for non-audit services

Service	Fees £
Audit related services (y/e 31 March 2017)	
• Housing Benefit Grant Certification	7,098
Non-Audit related services	
• Governance at Heart of the SW LEP	35,750

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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**TEIGNBRIDGE DISTRICT COUNCIL TREASURY MANAGEMENT:
AUTHORISED LENDING LIST FROM 4 DECEMBER 2018**

Lending list

The current authorised lending list has been updated to take account of changes in ratings and is shown below for approval.

Type of Lender	Details	
1. Current Banker	Lloyds Bank	£3,000,000 limit
2. Local Authorities	All	£3,000,000 limit
3. UK Debt Management Office Deposit Facility (UK government AA/Aa2/AA rated) no limit.		
4. UK Treasury Bills (UK government AA/Aa2/AA rated) no limit.		
5. Public Sector Deposit Fund	AAAmmf	£3,000,000 limit
6. Aberdeen Liquidity Fund	AAAmmf	£3,000,000 limit
7. Top UK-registered Banks and Building Societies, subject to satisfactory ratings.		

Institution	Tier	90 day limit	180 day limit	364 day limit	Overall limit
		£	£	£	£
Close Brothers Ltd	1	3,000,000	2,000,000	1,000,000	3,000,000
Santander UK plc	1	3,000,000	2,000,000	1,000,000	3,000,000
Nationwide Building Society	1	3,000,000	2,000,000	1,000,000	3,000,000
Lloyds Bank plc and Bank of Scotland plc	1	3,000,000	2,000,000	1,000,000	3,000,000
Coventry Building Society	2	2,000,000	1,000,000		2,000,000
National Westminster Bank	2	2,000,000	1,000,000		2,000,000
Leeds Building Society	3	1,000,000			1,000,000
Clydesdale Bank	3	1,000,000			1,000,000
Nottingham Building Society	3	1,000,000			1,000,000
Principality Building Society	3	1,000,000			1,000,000
Royal Bank of Scotland	3	1,000,000			1,000,000
Skipton Building Society	3	1,000,000			1,000,000
Yorkshire Building Society	3	1,000,000			1,000,000

There are no changes to the tiered ratings for UK banks and building societies.

The previous Standard Life sterling liquidity fund (money market fund) merged on 5 October 2018 into the Aberdeen Liquidity Fund under Aberdeen Standard Investments. This follows the merger between Standard Life plc and Aberdeen Asset Management in August 2017. The new fund operates on the same instant access principles as the Standard Life fund and has the same AAAmmf rating. It is larger in size and scale than the previous fund. It is based in Luxembourg, whereas the Standard Life fund was based in the Republic of Ireland. However there are no material differences in dealing procedures or the rights of shareholders. The fund's investment objective is to maximise income consistent with the preservation of principal and liquidity by investing in a diversified portfolio of high quality Sterling denominated short term debt and debt related instruments. This continues to provide a good match with the Council's treasury management strategy.

**TEIGNBRIDGE DISTRICT COUNCIL TREASURY MANAGEMENT:
AUTHORISED LENDING LIST FROM 4 DECEMBER 2018**

Officers will continue to seek the best rate, balanced against risk, at the time of investment. Use of call and notice accounts with Santander, Lloyds and Clydesdale continue. These accounts provide access to flexible deposits, with a range of access options and interest rates. Treasury Bills, an AA/Aa2/AA (very securely) rated, short dated form of Government debt which are issued by the Debt Management Office via a weekly tender are also included on the lending list, offering the Council an additional secure investment option.

Teignbridge District Council Treasury Management Mid-Year Review 2018-19

Teignbridge District Council has adopted CIPFA's *Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes 2017 Edition*. One of the requirements is the provision of a mid-year review of treasury management activities.

Activities Undertaken: Daily lending and borrowing from 1 April to 30 September 2018:

Fixed-term lending

Borrower	Terms %	Amount Lent £	Dates	Total Days Lent in year	Interest Earned in year £
Close Brothers	1.00%	1,000,000	03/04/18 – 15/03/19	346	9,479.45
DMO	0.25%	8,000,000	16/04/18 – 20/04/18	4	219.18
Nottingham Building Society	0.55%	1,000,000	15/05/18 – 10/08/18	87	1,310.96
Coventry Building Society	0.70%	1,000,000	15/05/18 – 09/11/18	178	3,413.70
DMO	0.25%	1,000,000	15/05/18 – 21/05/18	6	41.10
DMO	0.25%	1,000,000	15/06/18 – 19/06/18	4	27.40
DMO	0.25%	1,000,000	02/07/18 – 04/07/18	2	13.70
DMO	0.25%	2,000,000	16/07/18 – 19/07/18	3	41.10
Nationwide Building Society	0.71%	1,000,000	16/07/18 – 25/03/19	252	4,901.92
Nationwide Building Society	0.69%	1,000,000	16/07/18 – 11/01/19	179	3,383.84
DMO	0.45%	3,000,000	01/08/18 – 09/08/18	8	295.89
Santander	0.90%	1,000,000	15/08/18 – 19/03/19	216	5,326.03
DMO	0.50%	2,000,000	15/08/18 – 20/08/18	5	136.99
DMO	0.50%	1,000,000	03/09/18 – 17/09/18	14	191.78
Thorrock Council	0.90%	1,000,000	03/09/18 – 15/03/19	193	4,758.90
DMO	0.50%	1,000,000	06/09/18 – 07/09/18	1	13.70
DMO	0.50%	1,000,000	07/09/18 – 17/09/18	10	136.99

Deposits were also made into the following call accounts, dependent upon cash flow:

Bank	Account terms	Interest Earned £
Barclays Bank plc	0.32% instant access	1.48
Barclays 95-day notice	0.50% to 0.70% 95-day notice	2,422.87
Clydesdale Bank	0.10% 30 days' notice	0.27
Clydesdale Bank	0.35% instant access	86.46
Royal Bank of Scotland	0.05% instant access	0.24
Santander UK plc	0.25% to 0.40% instant access	929.73
Public Sector Deposit Fund	0.46% to 0.69% instant access	8,341.31
Lloyds plc 175-day notice	0.75% to 1.00% 175-day notice	5,255.31
Lloyds plc	0.40% to 0.65% current account	130.45
Lloyds plc Deposit account	0.40% to 0.65% instant access	2,315.74
Aberdeen Standard (formerly Standard Life)	0.41% to 0.62% instant access	5,679.55

Temporary Borrowing 1 April to 30 September 2018:

Lender	Terms %	Amount lent £	Dates	Days lent in year	Interest paid in year £
Lloyds Bank	Base + 10		Overdraft agreement	0	0
Vale of Glamorgan Council	0.42%	1,000,000	29/05/18 – 01/06/18	3	34.52

**Teignbridge District Council
Interim Performance Report for the Period 1 April to 30 September 2018**

	Apr-Sep 2017-18	Apr-Sep 2018-19
(i) Short Term Funds Invested		
Interest received and receivable for the period	£13,497	£40,472
Maximum period of investment on any one loan made in the period	308 days	346 days
“Fixed” investment rates in period.	0.10% – 0.65%	0.25% - 1.00%
(ii) Short Term Funds Borrowed		
Interest paid and payable for the period	£4.71	£34.52
Number of new loans borrowed in the period	0	1
Maximum period of borrowing on any one loan borrowed in the period.	n/a	3 days
“Fixed” borrowing rates.	n/a	0.42%
(iii) Average Net Interest Rate Earned	0.26%	0.61%
(iv) Average Short Term Net Lending	£10,392,330	£13,254,937

Regular Monitoring

Two monthly reports are prepared for the Chief Finance Officer: a forecast of interest receivable for the year, and an investment comparison, which shows the sum available for investment compared to the previous year. The Chief Finance Officer presents a monthly report to CMT and updates the Executive Committee on a quarterly basis. These reports include any policy updates, such as changes to the official lending list, based on the latest ratings information. Full council receives an annual review and strategy statement and a mid-year review.

Appendix 4

The interest forecast is currently predicting a total net interest receivable for the year of £96,449.74. This takes into account the base rate rise on 2 August 2018 and compares to £39,839.52 in 2017-18. This forecast increase is mainly due to higher interest rates (an average of 0.61% for the first half of the year, compared to 0.26% in 2017-18), although there has also been an increase in the funds available for lending out (average daily lending is slightly higher in the first half of 2018-19 at £13.3 million compared to £10.4 million at the same stage in 2017-18). Average benchmark 7-day LIBID rate to the end of September 2018 was 0.52%.

Treasury Management Indicators

These are part of the Prudential Indicators, as agreed at Full Council on 22 February 2018. They are available on request or on the Teignbridge website agenda for that meeting.

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TEIGNBRIDGE DISTRICT COUNCIL

AUDIT SCRUTINY COMMITTEE

CHAIRMAN: Cllr Chris Clarence

DATE: 13 December 2018
REPORT OF: Business Improvement and Development
SUBJECT: Strategic & Corporate Risk review

PART I

1. PURPOSE

To provide Members with an overview of the current status of the Strategic & Corporate risk.

2. BACKGROUND

There are 3 types of risk to manage and these are:

Strategic Risks – these are the big issues that impact heavily on our service delivery or are fundamental changes in the district or something that may cause a lot of bad publicity. These form part of the Strategic Risk Register and are managed by Business Leads and Business or Service Managers.

Corporate Risks – also called ‘common risks’ because they apply to many sections of the Council and we have corporate processes in place to deal with them e.g. Attacks on staff. These form part of the Corporate Risk Register and are managed by Business or Service Managers.

Service Risks - These are risks and opportunities that apply primarily to a service and that generally won't have too many consequences on the rest of the Council. These are managed by Business or Service Managers and Team Leaders.

In addition, reports to decision makers (both Members and the Strategic Leadership Team) should include an analysis of risks so these are considered when important decisions are made. Major projects or service changes should also have risk registers. These may be referred for inclusion in the Corporate or Strategic Risk Registers if they are likely to be significant issues.

The Strategic and Corporate Risk review will be submitted to Audit Scrutiny Committee twice a year in July and December. Strategic and Corporate risks are reviewed on a regular basis by the risk owner. Reviews are prompted by automatic email reminders according to the risk's unmitigated score:

TEIGNBRIDGE DISTRICT COUNCIL

Unmitigated Risk Status Score	Review Interval
9	Monthly
6	Quarterly
3-4	Twice a Year
1-2	Annually

The Risk Report

This includes an overview report showing the current mitigated status, any recommended changes to risks are included together with any project or service risks that need to be included in the Corporate or Strategic Risk Registers.

Overview

There are 25 risks in the Strategic Risk register which are the risks we consider could impact heavily on our ability to deliver essential services and meet important objectives. In addition there are 12 corporate risks, 'common risks', that apply to many sections of the council and we have corporate processes in place to deal with them.

Of these 37 risks 6 have a Very High unmitigated risk score 9 (3x3). The risk Responsible Officers have actions in place to reduce these risks.

The risk matrix below shows how many risks have very high (9), high (6), medium (3-4) or low (1-2) mitigated risk score.

- No risks have a high impact and high likelihood score of 9 (3x3)
- No risk have a medium impact and high likelihood score of 6 (2x3)

Risk Likelihood	3 - High	No Risks	No Risks	No Risks
	2 - Medium	No Risks	10 Risks	8 Risks
	1 - Low	No Risks	7 Risks	12 Risks
		1 - Low	2 - Medium	3 - High
		Risk Impact		

Risk reviews

A programme for the review of each risk and its mitigations is in place. This includes a meeting with the responsible officer and those managing the risk to review the scope of the risk, causes and impact, and mitigations.

Since the last report in July a further 2 risks reviews have been completed with the responsible officers and SLT and a new risk added:

- i) **ST01** Accident leading to injury or death & **ST11** Failure to comply with Health & Safety legislation where **ST01** was archived and its mitigations moved into **ST11**, the description refreshed and 2 new mitigations added as follows:
 - Adequate Health & Safety resources available
 - Health & Safety Manager provided

TEIGNBRIDGE DISTRICT COUNCIL

- ii) **ST44** Flooding risk management and resilience which was split into 2 risks: **ST44** Flood risk management and **ST45** Flood risk resilience
The risk descriptions were revised, the mitigations divided and reviewed and 1 new mitigation added to both risks.
- Local flood risk management strategy
- iii) **ST46** Failure of ICT security measures leading to a cyber attack
- Description: Failure to identify, assess and put in place ICT security measures that protect from cyber attack the network and information systems that support essential service delivery. This could lead to financial loss, service delivery failure, disruption, damage/corruption of data a loss in public confidence and reputation
 - 11 Mitigations: Information governance group; User awareness; Cyber security awareness training; ICT cyber security lead; ICT Business continuity plan; Communications plan; Incident response policy; Mobile device/agile working policy; Cyber security risk management regime; Strata monthly report; Internal audit review
- iv) In addition to the above, the titles of 5 risks have been changed so that their scope and purpose is clearer, 1 new mitigation added and a mitigation updated to **CP01** Attacks on staff and a further mitigation added to **ST37**
- **ST37** Failure of the jointly owned ICT company, Strata, to provide IT services, to **ST37** Failure of ICT infrastructure and systems not meeting business needs or not being fit for purpose and a new mitigation
 - Business continuity plans – new mitigation
 - **ST02** Financial Uncertainty to **ST02** Failure to control and monitor finance
 - **ST29** Inability to Respond to or Manage Change, to **ST29** Failure to maintain sufficient management capacity and capability to deliver business as usual and implement change
 - **ST09** Inadequately prepared to deal with a major disaster to **ST09** Inadequately prepared to deal with a civil emergency
 - **ST21** Provision and Recording of Poor quality data, inaccurate information and advice to **ST21** Failure to ensure data quality
 - **CP01** Attacks on staff new mitigations
 - First Responder – mitigation updated
 - Incident Support Responders – new mitigation

TEIGNBRIDGE DISTRICT COUNCIL

Major projects/service changes

The current major council projects are listed in the table overleaf, which provides assurance that project risks have been assessed and registers or strategic risks are in place and being managed.

T10	Title	Description	Responsible Officer(s)	Up to date Risk Register in place
GP	Energy Services Company	Formation of a public sector joint venture energy company to provide district heating networks	Simon Thornley	Yes
GP	GESP	Joint Local Plan with Exeter, East Devon & Mid Devon	Simon Thornley	See ST40, 41, 43
IIP	Newton Abbot Town Centre Development and Market Walk	Newton Abbot town centre masterplan focussing on the re-development of the Markets area, Bradley Lane and Cricketfield Road car park	Tony Watson, Tom Butcher	Yes
IIP	Brunswick Street, Teignmouth re-development	Delivery plan in process, focusing on re-development of vacant Brunswick Street sites, George St & Northumberland Place	Tony Watson, Donna Best	Yes
OAA	Leisure Strategy	First stage of Leisure Strategy Development	Lorraine Montgomery	Yes
'One Teignbridge' Project				
WE	<i>Digital Platform</i>	<i>Digital platform to improve digital access to services and streamlining of processes. Mobile access for officers in the field</i>	<i>Kay O'Flaherty, Amanda Pujol</i>	Yes
WE	<i>Midland iTrent</i>	<i>HR/Payroll data management IT system</i>	<i>Martin Flitcroft, Tim Slater</i>	Yes
WE	<i>Open Portal</i>	<i>A project allowing customers to register online to view their personal "dashboard" containing council tax, NNDR and benefit information</i>	<i>Tracey Hooper, Rob Duddle</i>	Yes

TEIGNBRIDGE DISTRICT COUNCIL

4. RISK REPORT

Guide to risk status:

Risk scores are calculated by multiplying the risk **impact** with the risk **likelihood** on a scale of 1 to 3. A status score of 6 to 9 is a high risk, 3 to 4 medium risk and 1 to 2 low risk.

Guide to mitigation status:

- **Action completed** the mitigating action is a one-off action that has been completed and will not be repeated at any time in the future
- **Action ongoing** the mitigating action is in place and effective but needs to carry on being done
- **Action needed** when a mitigating action has not started or is not fully effective

Risk report with mitigations – Appendix A attached

A risk overview report is provided which includes details of the risk, its description, mitigations, unmitigated and mitigated risk scores and responsible officer(s).

5. MAIN IMPLICATIONS

None

6. GROUPS TO BE CONSULTED

None

7. WITNESSES TO BE CALLED

None

8. TIME-SCALE

9. CONCLUSION

Effective risk management will aid decision making, focus and make better use of resources, provide a duty of care, comply with legislation, reduce costs and provide a continuity of service.

10. RECOMMENDATION

Review and approve the report.

Wards affected	ALL
Contact for any more information	Kay O'Flaherty/Liz Gingell
Background Papers (For Part I reports only)	Appendix A – Risk overview report
Key Decision	No
In Forward Plan	No
In O & S Work Programme	No

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Strategic & Corporate Risk Overview Report

Report for 2018/19

Filtered by Folder: Strategic Leadership Team - 2. Corporate Risks (Risks), Strategic Leadership Team - 1. Strategic Risks (Risks)

Key to Performance Status:

Mitigation: Action needed Action ongoing Action completed No status set

Risks: Review overdue (0+) Very High (9+) High (6+) Medium (3+) Low (1+)

Risk Code and Status	Description	Current Position, Action being taken, and Risk Responsible Officer
Risk Code: CP01 Unmitigated Status: High (6) Mitigated Status: Medium (3) Last Review Date: 20/11/2018	Attacks on Staff Attacks on staff in relation to Teignbridge District Council core business matters. Risk of injury or death due caused by physical attacks and the risk of verbal and intuitive threats to staff while involved in any Council work or activity. This could be at anytime during the Council's hours of operation, at any location and either with others or alone, lone working and working from/at home	Risk Responsible Officer: John-Paul Bove, Paul Nicholls Mitigation: <ul style="list-style-type: none"> Action ongoing Annual Health & Safety Review Action ongoing Employee Protection Register Action ongoing First responder Action ongoing Health & Safety Policy in place (current) Action ongoing Health and Safety Coordination Action ongoing Home Safeguard monitoring system Action ongoing Implementation of the Health & Safety Policy Action ongoing Incident Support Responders Action ongoing Local procedures (Teams or Services) Action ongoing Lone working procedure Action ongoing Staff training
Risk Code: CP03 Unmitigated Status: Very High (9) Mitigated Status: High (6) Last Review Date: 13/11/2018	Partnership management Lack of partnership management that can lead to poor performance/effectiveness, breakdown in working relationships, council budget pressures, poor customer service & service delivery. Partnership includes risks associated with formal partnerships and those organisations we work with and provide funding for/advise/share information with, combined authorities, collaboration, devolution, Strata, Greater Exeter etc	Risk Responsible Officer: Kay O'Flaherty Mitigation: <ul style="list-style-type: none"> Action ongoing A shared vision Action ongoing Management of partnership risk by services Action ongoing Partnership failure contingency Action ongoing Partnership governance Action ongoing Partnership list Action ongoing Partnership performance Action ongoing Review of the partnership toolkit Action ongoing Rollout of the partnership toolkit
Risk Code: CP05 Unmitigated Status: High (6) Mitigated Status: Low (2) Last Review Date: 06/09/2018	Contractor Poor Performance/Failure Contractor poor performance/failure resulting in the Council being put under unnecessary risk of failing to deliver public services and not achieving efficiency or value for money.	Risk Responsible Officer: Lucy Ford Mitigation: <ul style="list-style-type: none"> Action ongoing Actively promote the ten year Council Strategy when talking to suppliers/contractors

Risk Code and Status	Description	Current Position, Action being taken, and Risk Responsible Officer
		<p>Action ongoing All new procurements have a standardised approach with standardised tendering practises</p> <p>Action completed Contract management is on the 3 year procurement improvement plan</p> <p>Action ongoing Contract Procedure Rules are in place and are reviewed annually</p> <p>Action ongoing Contracts are awarded to suppliers demonstrating the right mix of quality and value for money</p> <p>Action ongoing Factors that are proportionate to the nature of the contract will be evaluated at the tender stage</p> <p>Action ongoing Put relevant accreditation checks in place</p> <p>Action ongoing Seek quality assurance from contractors/suppliers</p> <p>Action ongoing The Corporate Procurement Officer (CPO) supports all procurements over the value of £50,000</p> <p>Action ongoing Training is provided, which emphasises the importance of value for money in procurement</p>
<p>Risk Code: CP07</p> <p>Unmitigated Status: High (6)</p> <p>Mitigated Status: Medium (4)</p> <p>Last Review Date: 12/09/2018</p>	<p>Failure to Collect or Loss of Income</p> <p>Failure to collect income due to poor internal control or loss of income due to fraud.</p>	<p>Risk Responsible Officer: Sue Heath</p> <p>Mitigation:</p> <p>Action ongoing Anti Fraud Theft and Corruption Strategy</p> <p>Action ongoing Bank Reconciliation / Waybill Reconciliation / Budget & SD Arrears Monitoring</p> <p>Action ongoing Cash Handling Procedures</p> <p>Action ongoing Cashless Council</p> <p>Action ongoing Code of Conduct</p> <p>Action ongoing Employee References</p> <p>Action ongoing Financial Instructions</p> <p>Action ongoing Fraud Awareness Guide for Managers</p> <p>Action ongoing Fraud Hotline / Web Form</p> <p>Action ongoing Internal Audit Function</p> <p>Action ongoing PCIDSS</p> <p>Action ongoing Prosecution of Offenders</p> <p>Action ongoing Secure Collection</p> <p>Action ongoing Staff Training</p> <p>Action ongoing Whistleblowing Policy</p>
<p>Risk Code: CP08</p> <p>Unmitigated Status: Medium (4)</p> <p>Mitigated Status: Low (2)</p> <p>Last Review Date: 14/11/2018</p>	<p>Future proofing the workforce (was Failure to Improve Staff Capability and Capacity)</p> <p>A lack of suitable staff with the relevant competencies, including senior managers, to meet future Council service provision needs</p>	<p>Risk Responsible Officer: Tim Slater</p> <p>Mitigation:</p> <p>Action ongoing Annual Learning and Development Needs Survey</p> <p>Action ongoing CPD & personal development support</p>

Risk Code and Status	Description	Current Position, Action being taken, and Risk Responsible Officer
		<p>Action ongoing Monitoring of salary levels</p> <p>Action ongoing Staff performance Reviews</p> <p>Action ongoing Succession planning</p>
<p>Risk Code: CP09</p> <p>Unmitigated Status: High (6)</p> <p>Mitigated Status: Medium (3)</p> <p>Last Review Date: 09/10/2018</p>	<p>Staff health and wellbeing (was Staff Absence/Stress/Morale)</p> <p>Poor workforce wellbeing leading to low morale, stress and absence and increased pressure on other staff which may result in reduced work productivity and loss of reputation as a good employer.</p>	<p>Risk Responsible Officer: Tim Slater</p> <p>Mitigation:</p> <p>Action ongoing Benchmarking with other LA's</p> <p>Action ongoing Health and Wellbeing Group</p> <p>Action ongoing Monitoring of staff absence rates & reporting to SLT / CMT</p> <p>Action ongoing Promotion of health & wellbeing</p> <p>Action ongoing Regular meetings with trade unions and staff forum</p> <p>Action ongoing Supporting managers to support staff</p> <p>Action ongoing Systems & procedures for short & long term absences</p>
<p>Risk Code: CP11</p> <p>Unmitigated Status: High (6)</p> <p>Mitigated Status: High (6)</p> <p>Last Review Date: 07/11/2018</p>	<p>Breach of Code of Conduct by Members</p> <p>Breach of code of conduct by Members conduct bringing the Council into disrepute. Steps are being taken to overview and update the code of conduct.</p>	<p>Risk Responsible Officer: Justin Price-Jones</p> <p>Mitigation:</p> <p>Action ongoing A database is kept of members interests</p> <p>Action ongoing Members' induction training</p> <p>Action ongoing Members sign up to the code</p> <p>Action ongoing Ongoing Guidance to Members</p> <p>Action ongoing Regular Reminders to Members</p> <p>Action ongoing Standards Committee appointment</p>
<p>Risk Code: CP12</p> <p>Unmitigated Status: Medium (4)</p> <p>Mitigated Status: Medium (4)</p> <p>Last Review Date: 10/09/2018</p>	<p>Breach of Code of Conduct by Staff</p> <p>Breach of code of conduct by staff leading to possible fraud, dishonesty, loss of reputation, poor performance.</p>	<p>Risk Responsible Officer: Tim Slater</p> <p>Mitigation:</p> <p>Action ongoing Benchmarking with other LA's</p> <p>Action ongoing Code of Conduct review & guidance issue</p> <p>Action ongoing Continuous monitoring and improvement</p> <p>Action ongoing Induction for new staff and managers</p> <p>Action ongoing Investigations undertaken</p>
<p>Risk Code: CP13</p> <p>Unmitigated Status: High (6)</p> <p>Mitigated Status: Medium (3)</p> <p>Last Review Date: 11/09/2018</p>	<p>Safeguarding</p> <p>All children, young people and adults have the right to be safe, happy and healthy and deserve protection from abuse. The council is committed to safeguarding from harm all children, young people and adults with care and support needs using any council services and involved in any of their activities, and to treat them with respect during their dealings with the council, our partners and contractors.</p>	<p>Risk Responsible Officer: Rebecca Hewitt</p> <p>Mitigation:</p> <p>Action ongoing Communication of safeguarding</p> <p>Action ongoing Compliance with the Safeguarding Policy</p> <p>Action ongoing DBS checks</p> <p>Action ongoing Existing staff with frequent contact with vulnerable people will receive Safeguarding Training .</p> <p>Action ongoing Joint Working</p>

Risk Code and Status	Description	Current Position, Action being taken, and Risk Responsible Officer
		<p>Action ongoing Raise awareness of Safeguarding Policy with all existing staff</p> <p>Action ongoing Safeguarding Policy Review</p> <p>Action ongoing Safeguarding protection policy in place</p> <p>Action ongoing Safeguarding training</p>
<p>Risk Code: CP14</p> <p>Unmitigated Status: Very High (9)</p> <p>Mitigated Status: Medium (4)</p> <p>Last Review Date: 16/11/2018</p>	<p>Non-compliance with the Data Protection Act and General Data Protection Regulations</p> <p>The GDPR and DPA place additional requirements on the council that include gaining consent for data processing, informing individuals how their data will be processed and greater rights for individuals to access their data and request deletion of their data. These cover all personal data including name, address, date of birth, telephone number, bank details, location data, Internet Protocol (IP) addresses and cookie IDs, plus sensitive personal data such as race, ethnicity, political opinions, physical or mental health conditions, religious or philosophical beliefs, trade union membership, sexual life/sexual orientation, genetic and biometric data.</p>	<p>Risk Responsible Officer: Sue Heath</p> <p>Mitigation:</p> <p>Action ongoing A dedicated Data Protection Officer to ensure compliance with the GDPR</p> <p>Action ongoing Advice and process for third party use of our data, not under contract</p> <p>Action ongoing Data Protection Impact Assessment (DPIA)</p> <p>Action ongoing Data protection training including changes due to GDPR</p> <p>Action ongoing GDPR clause in our contracts</p> <p>Action ongoing Information Asset register</p> <p>Action ongoing Information Management Group</p> <p>Action ongoing Personal data consent management</p> <p>Action ongoing Personal data processing</p> <p>Action ongoing Process or procedure in place to report, respond to and review a data breach.</p> <p>Action ongoing Promotion of data protection awareness and GDPR</p> <p>Action ongoing Records retention schedule</p> <p>Action ongoing Service Data Guardians</p> <p>Action ongoing Technical measures to ensure data security</p>
<p>Risk Code: CP15</p> <p>Unmitigated Status: High (6)</p> <p>Mitigated Status: Medium (3)</p> <p>Last Review Date: 05/09/2018</p>	<p>Project management</p> <p>Poor project planning and management lead to failure of the project. Either failure of the whole project or part of it and the outcomes and efficiencies expected are not achieved.</p> <p>Opportunities to improve efficiency, use of our assets, increase income, provide 24/7 online services, improve the customer experience.</p>	<p>Risk Responsible Officer: Kay O'Flaherty</p> <p>Mitigation:</p> <p>Action ongoing Corporate project management method</p> <p>Action ongoing Effective monitoring and reporting of project risks</p> <p>Action ongoing Key council projects risk management list</p> <p>Action ongoing Project assurance</p> <p>Action ongoing Project lessons learned</p> <p>Action ongoing Project management expertise</p> <p>Action ongoing Project risk management by services</p> <p>Action ongoing Project risk reporting to SLT and Audit Scrutiny</p> <p>Action ongoing Risk information provided for all key decisions</p>
<p>Risk Code: CP16</p> <p>Unmitigated Status: High (6)</p>	<p>Lack of Effective Risk Management</p> <p>The Council fails to manage its risks properly which impacts on its ability to achieve its goals.</p>	<p>Risk Responsible Officer: Philip Shears</p> <p>Mitigation:</p> <p>Action Audit of Risk Management</p>

Risk Code and Status	Description	Current Position, Action being taken, and Risk Responsible Officer
<p>Mitigated Status: Medium (3)</p> <p>Last Review Date: 31/10/2018</p>		<p>ongoing Arrangements</p> <p>Action ongoing Review of Strategic and Corporate Risks and new emerging risks and opportunities</p> <p>Action ongoing Risk Management Arrangements for Partnerships</p> <p>Action ongoing Risk Management is Embedded</p> <p>Action ongoing Risk Management Strategy</p> <p>Action ongoing Risk Management Training</p>
<p>Risk Code: ST02</p> <p>Unmitigated Status: Very High (9)</p> <p>Mitigated Status: Medium (3)</p> <p>Last Review Date: 15/11/2018</p>	<p>Failure to control and manage finance</p> <p>Budget restraints/lack of finances, due to local & national changes in service demand that effect levels of spend or income leading to a budget imbalance</p>	<p>Risk Responsible Officer: Martin Flitcroft, Philip Shears</p> <p>Mitigation:</p> <p>Action ongoing Budget Preparation</p> <p>Action ongoing Budget Report</p> <p>Action ongoing Budget Review</p> <p>Action ongoing Budget Risk Analysis</p> <p>Action ongoing General Reserves Monitoring</p> <p>Action ongoing Service Reviews</p>
<p>Risk Code: ST06</p> <p>Unmitigated Status: Very High (9)</p> <p>Mitigated Status: High (6)</p> <p>Last Review Date: 07/11/2018</p>	<p>Statutory Requirements Not Met</p> <p>Government requirements not being met (was legal challenge) leading to intervention by Central Gov. or other regulatory bodies leading to legal challenge, poor audit reports and compensation claims.</p>	<p>Risk Responsible Officer: Justin Price-Jones, Philip Shears</p> <p>Mitigation:</p> <p>Action ongoing Commit adequate resources to achieving government requirements and reporting schedules</p> <p>Action ongoing Council's planned programme of Audit inspections</p> <p>Action ongoing Current scheme of delegation</p> <p>Action ongoing Ensure a current up to date set of Financial Procedure Rules are maintained</p> <p>Action ongoing Ensure appointment of appropriate professional and technical Officers</p> <p>Action ongoing Ensure that the Council's Constitution is fit for purpose</p> <p>Action ongoing Formal reports to Executive/Council/Committee to be reviewed by Legal & Finance</p> <p>Action ongoing Provision of in-house legal training</p>
<p>Risk Code: ST08</p> <p>Unmitigated Status: High (6)</p> <p>Mitigated Status: Medium (4)</p> <p>Last Review Date: 12/10/2018</p>	<p>Economic Uncertainty (formerly Economic Recession or Abnormal Inflation)</p> <p>Changes to the macro-economic situation will impact upon our ability to deliver of our Council Strategy and may lead to increased unemployment, a collapse of the housing market and an increased demand on Council services e.g. housing benefits.</p>	<p>Risk Responsible Officer: Martin Flitcroft, Philip Shears, Tony Watson</p> <p>Mitigation:</p> <p>Action ongoing Annual Review of the Council Strategy</p> <p>Action ongoing Assessing the Disposal/Acquisition of Assets</p> <p>Action ongoing Budget Set</p> <p>Action ongoing Council Reserves</p> <p>Action ongoing Financial Management</p>

Risk Code and Status	Description	Current Position, Action being taken, and Risk Responsible Officer
		<p>Action ongoing Monitor the Economic Situation</p> <p>Action ongoing Responding to redundancies</p>
<p>Risk Code: ST09</p> <p>Unmitigated Status: High (6)</p> <p>Mitigated Status: Medium (4)</p> <p>Last Review Date: 26/10/2018</p>	<p><u>Inadequately prepared to manage the impacts of a major emergency in the District</u></p> <p>Inadequately prepared to manage the impacts of an emergency affecting the public, business environment and/or organisation. An inadequate or inappropriate response to a major or environmental emergency affecting the civil community or the Council itself.</p>	<p>Risk Responsible Officer: Philip Shears</p> <p>Mitigation:</p> <p>Action ongoing Appointment of Emergency Planning Officer</p> <p>Action ongoing Devon Emergency Planning Services</p> <p>Action ongoing Multi agency working and intelligence sharing</p> <p>Action ongoing Publication and regular review of the Corporate Emergency Plan & Business Continuity Plan</p> <p>Action ongoing Publication of the Corporate Emergency Plan</p> <p>Action ongoing Reciprocal support agreement with other Devon LA's</p> <p>Action ongoing Research and Consultation on Emergency Response Procedures</p> <p>Action ongoing Training of Council staff</p>
<p>Risk Code: ST11</p> <p>Unmitigated Status: Very High (9)</p> <p>Mitigated Status: High (6)</p> <p>Last Review Date: 20/11/2018</p>	<p><u>Failure to Comply with Health & Safety Legislation</u></p> <p>Failure to comply with Health and Safety Legislation leading to damage of property or equipment, loss, injury or death of staff or public, risk of corporate manslaughter, prosecution, loss of reputation and high insurance costs.</p>	<p>Risk Responsible Officer: Paul Nicholls, Philip Shears</p> <p>Mitigation:</p> <p>Action ongoing Adequate Health and Safety resources available</p> <p>Action ongoing Approved Policies and procedures in place</p> <p>Action ongoing Health and Safety communication</p> <p>Action ongoing Health and Safety Manager provided</p> <p>Action ongoing Health and Safety training</p> <p>Action ongoing Overview of compliance</p> <p>Action ongoing Risk assessments in place</p> <p>Action ongoing Safety audits</p> <p>Action ongoing Systems to report, record, monitor accident and near miss reports</p>
<p>Risk Code: ST14</p> <p>Unmitigated Status: High (6)</p> <p>Mitigated Status: Medium (4)</p> <p>Last Review Date: 12/09/2018</p>	<p><u>Fraud and Corruption</u></p> <p>Risk of fraud and leading to loss and / or reputational damage to the Council.</p>	<p>Risk Responsible Officer: Sue Heath, Philip Shears</p> <p>Mitigation:</p> <p>Action ongoing Anti Fraud & Corruption Leaflet</p> <p>Action ongoing Anti Fraud and Theft Strategy and Whistleblowing Policy</p> <p>Action ongoing Anti Fraud Guidance for Managers</p> <p>Action ongoing Anti Fraud, Theft and Corruption Strategy</p> <p>Action ongoing Bank Reconciliations</p> <p>Action ongoing Financial Instructions and Contract Procedure Rules</p> <p>Action ongoing Fraud Risk Analysis</p>

Risk Code and Status	Description	Current Position, Action being taken, and Risk Responsible Officer
		<p>Action ongoing Internal Audit</p> <p>Action ongoing Raising awareness of the Council's position of non-tolerance to fraud & corruption</p> <p>Action ongoing References are obtained for new employees</p> <p>Action ongoing Self Assessment against Best Practice</p> <p>Action ongoing Staff and Member Codes of Conduct</p> <p>Action ongoing Suppliers Notified of Whistleblowing Policy</p> <p>Action ongoing Whistleblowing Hotline and Anti Fraud Publicised</p>
<p>Risk Code: ST17</p> <p>Unmitigated Status: High (6)</p> <p>Mitigated Status: High (6)</p> <p>Last Review Date: 09/10/2018</p>	<p>Inability to Recruit and Retain Staff</p> <p>Getting the right people in the right job at the right time' so that any loss of staff does not have a significant or prolonged impact on service delivery and continuity.</p>	<p>Risk Responsible Officer: Philip Shears, Tim Slater</p> <p>Mitigation:</p> <p>Action ongoing Benchmarking with other LA's</p> <p>Action ongoing Consistent management to create 'Team Teignbridge'</p> <p>Action ongoing Council operates a pay agreement</p> <p>Action ongoing Enhancing recruitment practices</p> <p>Action ongoing Salary levels are monitored to ensure Council remains competitive.</p> <p>Action ongoing Screening of potential new employees</p> <p>Action ongoing Staff performance reviews</p> <p>Action ongoing Succession planning</p> <p>Action ongoing Voluntary Redundancy Programme</p>
<p>Risk Code: ST19</p> <p>Unmitigated Status: High (6)</p> <p>Mitigated Status: Medium (4)</p> <p>Last Review Date: 26/10/2018</p>	<p>Poor or Ineffective Business Continuity Management</p> <p>Inability to provide Council services</p>	<p>Risk Responsible Officer: Tony Watson</p> <p>Mitigation:</p> <p>Action ongoing Business Continuity Planning</p> <p>Action ongoing Management of service business continuity</p> <p>Action ongoing Regular business continuity health checks</p>
<p>Risk Code: ST20</p> <p>Unmitigated Status: High (6)</p> <p>Mitigated Status: Medium (3)</p> <p>Last Review Date: 16/10/2018</p>	<p>Poorly Managed Election</p> <p>Poorly managed election leading to embarrassment, loss of reputation and High Court challenge.</p>	<p>Risk Responsible Officer: Philip Shears</p> <p>Mitigation:</p> <p>Action ongoing Elections project plan</p> <p>Action ongoing Electoral guidance followed</p> <p>Action ongoing Electoral law & systems training</p> <p>Action ongoing External Performance Plan</p> <p>Action ongoing Key staff elections training</p> <p>Action ongoing Planning meetings</p> <p>Action completed Qualified Council Election's Co-ordinator</p> <p>Action ongoing Refresher/Awareness Training</p>

Risk Code and Status	Description	Current Position, Action being taken, and Risk Responsible Officer
		Action ongoing Risk Management workshop
Risk Code: ST21 Unmitigated Status: High (6) Mitigated Status: Medium (3) Last Review Date: 15/10/2018	Failure to ensure data quality This includes inaccurate records/data recording/giving of advice; misinterpretation of 3rd party data or inaccurate data analysis and inaccurate reporting. which could lead to legal challenge, poor decisions, incorrect policy decisions, misallocation of resources and loss of reputation.	Risk Responsible Officer: Amanda Pujol Mitigation: Action ongoing Access to expert advice, senior practitioners, external professional services Action ongoing Commitment to and access to continuous professional development for professional staff Action ongoing Data Quality Policy Action ongoing Good project management practices Action ongoing Increase staff awareness of data quality through the Customer Access and Business Improvement Group Action ongoing Regular checks / auditing of data Action ongoing Systems and procedures to manage & monitor performance data quality Action ongoing Training of key staff on data quality
Risk Code: ST24 Unmitigated Status: Medium (4) Mitigated Status: Low (2) Last Review Date: 15/11/2018	Finance - Breach of Financial Instructions & Contract Rules Finance - non adherence to Financial Instructions & Contract Rules due to a lack of understanding of financial procedures leading to qualification on accounts, poor inspection reports, fraud, loss of income, poor VfM and poor budgetary control.	Risk Responsible Officer: Martin Flitcroft, Lorraine Montgomery, Amanda Pujol, Philip Shears, Tony Watson Mitigation: Action ongoing Automated controls included in corporate systems Action ongoing Bank and Waybill Reconciliations undertaken by Financial Services Action ongoing Financial Instructions Awareness and Contract Procedure Rules training Action ongoing Financial Instructions Format Action ongoing Financial Instructions Monitoring Action ongoing FMS Training Action ongoing Internal Audit / Procurement Officer Advice / Waiver Requests Action ongoing Monthly Management Accounts Action ongoing Procurement Officer Action ongoing Trained professional staff responsible for compiling annual accounts
Risk Code: ST25 Unmitigated Status: Medium (4) Mitigated Status: Low (2) Last Review Date: 05/06/2018	High Levels of Customer Dissatisfaction Inadequate customer contact standards and poor customer service leading to increased complaints and loss of reputation.	Risk Responsible Officer: Philip Shears Mitigation: Action ongoing Business Efficiency Service Transition (BEST) 2020 Action ongoing Complaints Review Board Action ongoing Customer Comments and Complaints system Action ongoing Customer Journey Mapping Action ongoing Customer Management Action ongoing Customer Services training for reception staff to NVQ lvl 3 Action Staff induction training and staff

Risk Code and Status	Description	Current Position, Action being taken, and Risk Responsible Officer
		ongoing handbook
Risk Code: ST26 Unmitigated Status: High (6) Mitigated Status: Low (2) Last Review Date: 26/09/2018	Poor Public Relations Management Poor reputation due to bad /inadequate/ inaccurate reporting.	Risk Responsible Officer: Philip Shears Mitigation: Action ongoing Comms Catch-ups Action ongoing Communications Strategy Action ongoing Devon Communications Group Action ongoing Raising awareness of good communications and reputation management Action ongoing Regular Media Enquiry Reports Action ongoing Regular monitoring of management performance through PR PDP's Action ongoing Regular Portfolio Holder meetings Action ongoing Social Media Policy Action ongoing Use of strategic issues management involving proactive PR planning Action ongoing Vuelio
Risk Code: ST28 Unmitigated Status: Medium (3) Mitigated Status: Low (2) Last Review Date: 05/06/2018	Major damage to our physical premises and/or working environment Major damage to our physical premises and/or working environment.	Risk Responsible Officer: David Eaton, Philip Shears Mitigation: Action ongoing Business Continuity Plan Action completed Identification of alternative premises Action ongoing Risk Analysis of Councils premises and infrastructure Action ongoing Salvage Plan
Risk Code: ST29 Unmitigated Status: High (6) Mitigated Status: Medium (3) Last Review Date: 14/11/2018	Failure to maintain sufficient management capacity & capability Failure to maintain sufficient management capacity & capability to deliver business as usual & implement change New income generation opportunities and a greater commercial focus leading to increased financial and reputational risk. Changes to services leading to poor service delivery	Risk Responsible Officer: Philip Shears Mitigation: Action ongoing Annual business efficiency and service transition reviews Action ongoing Continuing Professional Development opportunities Action ongoing Continuing review of staffing Action ongoing Due diligence Action ongoing External Officer networking and using the learning from others Action ongoing Internal and external auditing Action ongoing Leadership training programmes for managers and supervisors Action ongoing Meetings with PH/Leader that identify strengths, weaknesses, opportunities & threats Action ongoing Regular individual, team & service performance monitoring by Managers, Action ongoing Revised management structure to be considered by Council to enable the Council to respond to change Action ongoing Staff have the necessary skills for future new models of service delivery

Risk Code and Status	Description	Current Position, Action being taken, and Risk Responsible Officer
		<p>Action ongoing Systems & procedures & policies to deal with underperformance/lack of capability</p>
<p>Risk Code: ST31 Unmitigated Status: Medium (4) Mitigated Status: Low (2) Last Review Date: 05/06/2018</p>	<p>Climate Change - the impact of not reducing our energy use and contribution to CO2 emissions The impact of not reducing our energy use and contribution to the levels of CO2. If unchecked, the Council's energy use will continue to rise unabated and will create:- • unnecessary financial pressure • loss of reputation as a community leader • loss or reduction of corporate goal</p>	<p>Risk Responsible Officer: Tony Watson Mitigation:</p> <p>Action ongoing Develop monitoring system for energy usage</p> <p>Action ongoing Improve procurement</p> <p>Action completed Recruit Energy Efficiency Officer</p> <p>Action ongoing Review service policies, Travel, IT, HR</p> <p>Action ongoing Service Leads to reduce energy consumption in the service area</p> <p>Action ongoing Training for all staff to reduce, reuse and recycle energy and resources</p>
<p>Risk Code: ST32 Unmitigated Status: Medium (4) Mitigated Status: Medium (4) Last Review Date: 05/06/2018</p>	<p>Non Compliance with Section 106 Agreements and CIL notices Non Compliance with Section 106 Agreements and CIL notices</p>	<p>Risk Responsible Officer: Philip Shears Mitigation:</p> <p>Action ongoing Meetings with departments</p> <p>Action ongoing Monitor issue of relevant CIL notices and receipt of CIL monies</p> <p>Action ongoing Monitor monies received from time constrained S106 agreements and not yet spent</p>
<p>Risk Code: ST37 Unmitigated Status: High (6) Mitigated Status: High (6) Last Review Date: 22/11/2018</p>	<p>Failure of ICT infrastructure and systems not meeting business needs or not being fit for purpose The key outcomes of the projects are: • Reduce cost...through economies of scale and reduced duplication of effort • Reduce risk...by having a larger ICT team with less reliance on key individuals and more time to manage new complex technologies • Improve capability for change...through creating capacity within the ICT team for transformation effort rather than just "business as usual" The risks arising following the formation of a new company, Strata Service Solutions Ltd, wholly owned by Teignbridge DC, Exeter CC and East Devon DC to deliver and manage ICT services for all 3 Councils. Failure of the shared service and failure by Strata to provide the ICT service required.</p>	<p>Risk Responsible Officer: Amanda Pujol Mitigation:</p> <p>Action ongoing Annual auditing</p> <p>Action ongoing Business plan approved annually</p> <p>Action ongoing Good communication</p> <p>Action ongoing ICT Requirements Board review meetings</p> <p>Action ongoing Monitoring and review of performance</p> <p>Action ongoing Robust governance</p> <p>Action ongoing Strata and Teignbridge DC Business Continuity Plans</p>
<p>Risk Code: ST40 Unmitigated Status: High (6) Mitigated Status: Medium (4) Last Review Date: 17/09/2018</p>	<p>Local Plan - Infrastructure Delivery Delay Infrastructure delay; risk of not delivering infrastructure as per the Infrastructure Delivery Plan required for the successful delivery of the commitments in the Local Plan</p>	<p>Risk Responsible Officer: Philip Shears, Simon Thornley Mitigation:</p> <p>Action ongoing Direct Involvement</p> <p>Action ongoing Funding Streams</p> <p>Action ongoing Ongoing Review of Infrastructure Delivery Plan</p> <p>Action ongoing Planning Application Process</p> <p>Action ongoing S.106 and Planning Conditions</p> <p>Action ongoing Work with Stakeholders</p>
<p>Risk Code: ST41 Unmitigated Status: High (6) Mitigated Status: Medium (4) Last Review Date:</p>	<p>Local Plan - Planned Development Delayed or Not Happening Planned development is delayed or does not happen due to an economic downturn, infrastructure provision delay, unexpected delivery costs, landowners sitting on land and developers</p>	<p>Risk Responsible Officer: Philip Shears, Simon Thornley Mitigation:</p> <p>Action ongoing Achievable Allocations</p>

Risk Code and Status	Description	Current Position, Action being taken, and Risk Responsible Officer
19/10/2018	having different priorities. This could lead to a loss of New Homes Bonus, shortage of employment growth, an impact on Business rate retention, an out of date local plan and under-delivery of the 5 yr supply leading to a possible loss of appeals.	<p>Action ongoing Infrastructure Investment</p> <p>Action ongoing Viability Evidence</p> <p>Action ongoing Work with Developers, Landowners and other Stakeholders</p>
Risk Code: ST42 Unmitigated Status: High (6) Mitigated Status: Medium (3) Last Review Date: 31/10/2018	Failure to deliver the Council Strategy Failure to deliver the key objectives and outcomes of the Council Strategy due to: no money to deliver, no capacity to deliver, a loss of political willingness, change of political direction – local and national, a change of view and priorities by our partners, loss of key staff and local intelligence, unreliable data leading to poor decisions & direction, a lack of engagement of staff, unforeseen issues outside of our control, , too broad a spread of actions, poor leadership, poor planning, governance and monitoring of performance leading to: missed opportunities, moving out of scope of the project, duplication, lost opportunities due to sole focus on the strategy objectives, a loss of reputation, customer satisfaction and trust, unplanned changes, a lack of co-ordination and direction and the risk of over promising and under delivering.	Risk Responsible Officer: Philip Shears Mitigation: <p>Action ongoing Budget planning</p> <p>Action ongoing Clear links to other Council and partner strategies and plans</p> <p>Action ongoing Communication planning</p> <p>Action ongoing Ensure adequate staff resources</p> <p>Action ongoing Overall project and programme oversight</p> <p>Action ongoing Partnership relationship management</p> <p>Action ongoing Programme Managers/Business Managers meetings with Portfolio Holders</p> <p>Action ongoing Project planning</p> <p>Action ongoing Regular progress monitoring</p> <p>Action ongoing Review mechanism</p>
Risk Code: ST43 Unmitigated Status: High (6) Mitigated Status: Medium (3) Last Review Date: 19/10/2018	Failure to adopt Local Plans: Greater Exeter Strategic Plan and Teignbridge Local Plan Review Councillors do not agree to the plan's contents, or in the case of the GESP no agreement between councils can be reached. The Local Plan Inspector finds the local plan unsound or legally flawed and cannot recommend its adoption	Risk Responsible Officer: Philip Shears, Simon Thornley Mitigation: <p>Action ongoing Appropriate SEA and HRA</p> <p>Action ongoing Conformity with GESP</p> <p>Action ongoing Consultation</p> <p>Action ongoing Critical review of plans and policies</p> <p>Action ongoing Duty to cooperate agreements</p> <p>Action ongoing Duty to cooperate processes</p> <p>Action ongoing Evidence</p> <p>Action ongoing National Planning Policy</p> <p>Action ongoing Political support</p> <p>Action ongoing Qualified staff</p> <p>Action ongoing Review other plans</p> <p>Action ongoing Training</p>
Risk Code: ST44 Unmitigated Status: High (6) Mitigated Status: Medium (3) Last Review Date:	Flood risk management A lack of appropriate flood risk management of Council land and/or property. A lack of management of flood risk associated with new development through increased surface water runoff or development in flood risk areas through	Risk Responsible Officer: Tony Watson Mitigation: <p>Action ongoing - Local Flood Risk Management Strategy</p> <p>Action ongoing Coastal flood and Erosion works</p>

Risk Code and Status	Description	Current Position, Action being taken, and Risk Responsible Officer
14/11/2018	the lack of planning guidance. A lack of working with partners such as the Environment Agency, Devon County Council and other Risk Management Authorities.	<p>ongoing</p> <p>Action ongoing Flood risk management schemes</p> <p>Action ongoing Planning guidance and application review</p> <p>Action ongoing Regular meetings with key partners</p>
Risk Code: ST45 Unmitigated Status: High (6) Mitigated Status: High (6) Last Review Date: 14/11/2018	Flood risk resilience A lack of flood risk management plans including supporting of Community Plans and Emergency Flood Response plans. A lack of flood risk resilience associated with new development through increased surface water runoff or inappropriate development in flood risk areas through the lack of planning guidance. A lack of working with partners such as the Environment Agency, Devon County Council and other Risk Management Authority.	Risk Responsible Officer: Tony Watson Mitigation: <p>Action ongoing Local Flood Risk Management Strategy</p> <p>Action ongoing Local Resilience Forum</p> <p>Action ongoing Planning Guidance and Review</p> <p>Action ongoing Promotion of Flood Resilience schemes</p>
Risk Code: ST46 Unmitigated Status: Very High (9) Mitigated Status: High (6) Last Review Date: 22/11/2018	Failure of ICT security measures leading to a cyber attack Failure to identify, assess and put in place ICT security measures that protect from cyber attack the network and information systems that support essential service delivery. This could lead to financial loss, service delivery failure, disruption, damage/corruption of data a loss in public confidence and reputation	Risk Responsible Officer: Amanda Pujol Mitigation: <p>Action ongoing Communications Plan</p> <p>Action needed Cyber security awareness training</p> <p>Action ongoing Cyber security risk management regime</p> <p>Action ongoing ICT Business Continuity Plan</p> <p>Action ongoing ICT cyber security lead</p> <p>Action ongoing Incident response policy</p> <p>Action ongoing Information governance group</p> <p>Action ongoing Internal audit review</p> <p>Action needed Mobile device/agile working policy</p> <p>Action ongoing Strata Monthly Report</p> <p>Action ongoing User awareness</p>

AUDIT SCRUTINY COMMITTEE

CHAIRMAN: Cllr Chris Clarance

DATE: 13 December 2018
REPORT OF: Audit Manager
SUBJECT: INTERNAL AUDIT REPORT

PART I

RECOMMENDATION

To note the report.

1. PURPOSE

1.1 To advise members of recent progress against the Audit Plan and the outcomes of completed audits.

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 13 December 2018

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

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

4. CONCLUSION AND RECOMMENDATION

4.1 Members are recommended to note the report.

Sue Heath - Audit Manager

Wards affected	<i>N/A</i>
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
<p>Car Loans and Cycle Scheme</p> <p>Audit Opinion: Good ☆☆☆</p>	<p>The systems for administering the car loan and cycle scheme functions were reviewed to confirm that effective controls are in place to verify entitlement, ensure calculations are accurate and repayments are prompt and made in full. Findings were positive with key controls in place to manage associated risks.</p> <p>Recommendations included reviewing the car loan and cycle schemes to ensure aims and purposes are understood, still link to Council objectives and management are happy with the benefits offered.</p>
<p>Housing Contracts Management</p> <p>Audit Opinion: Fair ☆☆</p>	<p>The audit was requested by the Interim Head of Service Delivery and Improvement. It looked at key risks including contracts or service level agreements with external agencies fail to provide an adequate framework for contract management; failure to provide value for money; non-compliance with contractual or service level agreement expectations; and incorrect payments.</p> <p>The review identified that some areas of service provision lacked contract or agreement documentation, or what was on file was out of date or did not support the annual contract payments being made. Contract monitoring and management was found to be varied. 6 recommendations were made.</p>
<p>Travel and Subsistence</p> <p>Audit Opinion: Good ☆☆☆</p>	<p>Officers may be required to work away from their normal place of work, attend seminars, training etc. and this incurs travel and subsistence costs for which staff are reimbursed through travel and subsistence claims. Agreed rates and procedures, including authorisations and separation of duties are in place, and information is detailed in the Council's Financial Instructions, Local Conditions of Service and Staff Handbook. Testing was carried out to confirm controls are in place to verify entitlement, accuracy of calculations and repayments.</p> <p>Recommendations included introducing a policy to provide a single point of reference of requirements for making a claim, review and update of information contained with the Staff Handbook and Local Conditions of Service, Payroll staff to return claims with incomplete information and remind claimants and authorising officers of the requirements and importance of making claims accurately and in full.</p>

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**TEIGNBRIDGE DISTRICT COUNCIL
AUDIT SCRUTINY COMMITTEE**

Summary of Internal Audits Completed

PROJECT TITLE	SUMMARY
Corporate Purchasing Cards Audit Opinion: Good ☆☆☆	<p>A review of spending (probity check) and controls to manage and reconcile card use was undertaken. Areas covered included:</p> <ul style="list-style-type: none"> • authorisation of cardholders; • credit limits; • cancellation procedures; • cardholder responsibilities; • access rights to online facilities; • approved goods and services purchased; • VAT implications; • separation of duties; • reconciliation; and • business continuity. <p>Findings confirmed that processes were generally sound and key risks well managed.</p>
Treasury Management Audit Opinion: Excellent ☆☆☆☆	<p>CIPFA defines Treasury Management activities as “the management of the organisation’s cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.” The review looked at key risks and adequacy of controls to manage these and included breach or regulation, legislation, policy and procedures; transactions not made appropriately or timely; incomplete or inaccurate records; poor data and system security. Findings were excellent and no recommendations were required.</p>

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AUDIT SCRUTINY COMMITTEE

CHAIRMAN: Cllr Chris Clarence

DATE: 13 December 2018
REPORT OF: Interim Corporate Procurement Officer / Audit Manager
SUBJECT: Procedure for Waiving the Contract Procedure Rules

PART I

RECOMMENDATION

To note the report.

1. PURPOSE

1.1 To provide members with information on the process for waiving the Contract Procedure Rules (CPR).

2. BACKGROUND

2.1 In response to members' request for information on the waiver process, this report provides an explanation of the waiver procedure, and an outline of the controls in place to ensure it is properly applied.

3. FINANCIAL INSTRUCTIONS and CONTRACT RULES

3.1 The Financial Instructions provide the framework for managing the Council's financial affairs and include rules on all aspects of finance including spending. They were reviewed and approved by the Audit Scrutiny Committee in December 2017 and by full Council in January 2018.

3.2 The Contract Procedure Rules sit alongside the Financial Instruction and sets out how procurement activity will be conducted by the Council and outlines the specific rules for tendering and letting of contracts.

3.3 They are both included in the Council's [Constitution](#) Part 3 - Rules of Procedure.

4. THE SPENDING THRESHOLDS

4.1 The CPR sets out the procurement activity required, dependent upon the value of the goods, works or services to be procured and the duration over which those purchases will be required.

- 4.2 For example, a contract which is required over three years with an option to extend for a further two years, with an annual spend of £20,000, will be estimated to have a value of £100,000. This procurement would be subject to tender by advertisement.

Item Value ex VAT	Quotations/Tendering for Goods and Services
Up to £7,500	A minimum of one <i>Quotation</i> , but good practice to seek most favourable prices and terms, having regard to the Council's Procurement Strategy.
£7,501 - £50,000	A minimum of three written <i>Quotations</i> .
£50,001 – EU Threshold	<i>Invitation to Tender</i> by advertisement.
Above EU Threshold	EU Procedure or, where this does not apply, <i>Invitation to Tender</i> by advertisement.

5. PROCUREMENT PROCESSES

5.1 Request for Quotations (RFQs)

- 5.1.1 RFQs are used for low value procurement activity, the council has established the limit of £50,000 for obtaining quotations. Activity up to £7,500 is conducted by officers making purchases by:

- sourcing via the internet;
- making use of electronic catalogues;
- obtaining quotations through email for one off or ad hoc requirements.

- 5.1.2 Officers who require quotations above £7,500 are encouraged to use the e-tendering portal: www.supplyingthesouthwest.gov.uk. Suppliers can be pre-selected to participate, allowing the use of local suppliers and SMEs. Alternatively if more appropriate, the opportunity can be widely advertised.

- 5.1.3 There is an RFQ template which officers can use for purchases above £7,500, which is a lighter touch than the tendering paperwork required and therefore, aims to encourage participating from SME suppliers. In addition the terms and conditions for goods and services are also more light touch. The document still sets out the evaluation methodology and scoring criteria along with any quality questions and pricing schedule.

- 5.1.4 Officers are required to conduct due diligence checks with the aid of finance conducting a financial check on their selected supplier.

5.2 Tendering

- 5.2.1 Tendering procedures are more rigorous and this is reflected in the level of information and detail required from participating suppliers. The same electronic tendering portal is used, so that suppliers only have to sign up once. The procurement documents are more extensive along with the response required.

6. WAIVER PROCEDURE

6.1 On occasion it may be necessary for officers to not conduct their procurement activity as set out in the CPR. When this occurs officers are required to request a waiver and they must justify their proposal to not adhere to the CPR.

6.2 In addition a waiver may be necessary because of an unforeseeable emergency involving immediate risk to persons, property or serious disruption to Council services.

Criteria is defined as:

- **Life or Death** – Is there a significant chance that the life or health of officers, members or the public will be put at real risk?
- **Increased Cost / Loss of Income** – Will the Council incur significant avoidable costs or lose significant income (significant shall be taken to mean material in the sense that it is either material to the project, the service or the Council)?
- **Limited Markets** – Would the Council be wasting its time obtaining quotations as supply of the product or service is demonstrably restricted to one or few businesses?
- **Urgent Action Required** – Would the Council be criticised for failing to act promptly?

6.3 The internal process for managing waivers:

Where an officer considers they have reason to request the content of the CPR be waived, they shall first inform and obtain the approval of their immediate line manager using a waiver form. At the meeting between the officer and their manager, the circumstances surrounding the request must be discussed. A proposal as to the course of action to be taken will then be agreed and recorded.

The officer and manager will have to satisfy the Internal Auditor and Procurement Officer that:

- At least one of the basic principles as set out above has been met;
- They have been provided with adequate evidence in support of the request;
- The officer and their manager have had due regard to the risks to the Council of the action they propose;
- A decision to waive the Contract Procedure Rules would be in the best interests of the Council.

The Auditor will record these details and may request evidence in support of any claims made, e.g. copies of documents, discussions with third parties, inspection etc.

The Auditor, in consultation with the Procurement Officer will then give their opinion and record this on the waiver form. Should they consider that any action or inaction by an officer or their line manager has given rise to the need to now consider waiving the rules, e.g. it was left too late to tender, they will record this on their record of advice given.

Once the view of the Procurement Officer and Internal Audit has been obtained, the appropriate Managing Director and / or Head of Service will sign to authorise the waiver, unless a 'Key Decision' is required, i.e. those in respect of revenue spending over £50,000 and capital spending over £125,000. Such decisions must be referred back to the Executive Committee as must any decision which may have a significant effect on communities, i.e. effecting over 2,000 residents.

If a decision is urgently required the Managing Director is empowered to make a decision in consultation with the Leader and Deputy Leader. The decision will be recorded in accordance with the Council's Constitution, to enable it to be retrospectively reported to the following meeting of the Executive Committee. Internal Audit will be notified of the outcome.

7. ANALYSIS OF WAIVERS

- 7.1 Some analysis of waivers which were requested in the financial period 2017-18 has been carried out and the results indicate that the request for waivers focuses around three themes:
- 7.2 The ongoing use of expertise / additional works to existing arrangement – whereby some work or knowledge has already been obtained by a contractor or consultant and the officer wishes to extend the remit of the service provided to incorporate an additional piece of work. In these cases the original appointment of the supplier was subject to a competitive procurement activity, which determined the supplier provided best value for money.
- 7.3 Sole source – waivers which have been raised by officers who have limited or no choice of options in regards to who can provide the goods or services.
- 7.4 In the financial period 2018-19 we have also seen examples of waivers being requested where officers failed to appropriately calculate the value of their procurement and used an incorrect process. On both occasions the procurement was competitively procured as an RFQ, with the successful suppliers evidencing value for money. On these occasions procurement and audit took a pragmatic approach where the decision to allow a waiver was supported rather than re-procuring using a tender process. On both occasions the full value was below the EU threshold.

8. RECOMMENDATION

- 8.1 For members to note the report.

Lucy Ford – Interim Corporate Procurement Officer
Sue Heath – Audit Manager

Wards affected	<i>N/A</i>
Contact for any more information	<i>Lucy Ford – Procurement Officer – 01626 215120</i>
Background Papers (For Part I reports only)	<i>N</i>
In Forward Plan	<i>N</i>
In Audit Scrutiny Work Programme	<i>N</i>

TEIGNBRIDGE DISTRICT COUNCIL

AUDIT SCRUTINY COMMITTEE

CHAIRMAN: Councillor Chris Clarence

DATE: 13 December 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 September 2018 monitoring report:

Proposing Officer	Proposal / Reason	Approval
Sarah Holgate Resorts Manager	<p>Provision of Lifeguard Service Renewal of contract with the RNLI to provide lifeguard service on behalf of the Council</p> <p>Value: £156,460.00 exc VAT</p> <p>(4 year contract at £39,115 per year based on 2018 contract of £38,347 + 2% or rate of RPI whichever is greatest)</p> <p>Reason: Life or Death, Increased Cost / Loss of Income, Limited Markets, Urgent Action Required</p>	Phil Shears Managing Director
Claire Blaney Senior Planning Officer	<p>Statement of Significance for St Mary's Church, Wolborough Procurement of consultants to undertake this for the impact of the development NA3</p> <p>Value: £11,599.70 (costs met by Government capacity funding).</p> <p>Reason: Limited Markets and Urgent Action Required</p>	Simon Thornley Business Manager

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	-