

Mrs J Wallace
Head of Paid Service
Torrige District Council
Riverbank House
Bideford
Devon
EX39 2QG



DX 53606 BIDEFORD
Tel : Bideford (01237) 428700

Date: 16 July 2018

MEETING OF AUDIT & GOVERNANCE

On: Tuesday 24 July 2018 **At:** 2.00 pm
Venue: Town Hall - Bridge Street, Bideford, EX39
2HS

NOTICE OF MEETING

To: Councillor P Hackett (Chair)
Councillor J Hellyer (Vice-Chair)
Councillors: D Brenton, J Himan and R Julian

Members are requested to turn off their mobile phones for the duration of the meeting

AGENDA PART I - (OPEN SESSION)

1.	Apologies For Absence To receive apologies for absence for the meeting.
2.	Minutes (Pages 4 - 9) Confirmation of Minutes of the Meeting held on 12 June 2018.
3.	Declaration of Interests Members with interests should refer to the agenda item and describe the nature of their interest when the item is considered.
4.	Agreement of Agenda Items Part I and II
5.	Urgent Matters Brought Forward with the Permission of the Chair
6.	ISA260 AUDIT FINDINGS REPORT 2017/18 To receive a report from the Grant Thornton Audit Manager

7.	<p>PRESENTATION OF THE FINANCIAL STATEMENTS</p> <p>To receive a verbal update and Financial Statement 2017/18 from the Strategic Manager (Resources)</p>
8.	<p>APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2018</p> <p>The Committee to approve the Financial Statements for the year ending 31 March 2018 and authorise the signing of:</p> <ul style="list-style-type: none"> • The Letter of Representation • The Financial Statements by the Chair of the meeting • The Annual Governance Statement by the Chair of Audit & Governance Committee, the Statutory Finance Officer, Leader of the Council and Head of Paid Service
9.	<p>Report on Going Concern (Pages 10 - 15)</p> <p>To receive a report from the Strategic Manager (Resources)</p>
10.	<p>APPOINTMENT OF REPORTING OF ACCOUNTING FOR HOUSING BENEFIT SUBSIDY 2018-19</p> <p>To receive a verbal update from the Strategic Manager (Resources)</p>
11.	<p>Update on Health & Safety Audit 2017/18</p> <p>To receive a verbal update from the Environmental Health & Community Safety Manager</p>
12.	<p>AGS - Review of Evidence: Principles B3 and C2 (Pages 16 - 23)</p> <p>Review of evidence with the Service Improvement Officer</p>
13.	<p>Effectiveness of Audit Committee (Pages 24 - 29)</p> <p>To receive the report of the DAP Partnership Manager</p>
14.	<p>Forward Plan (Page 30)</p>
15.	<p>Corporate Assurance Risk Register - July 2018 (Pages 31 - 44)</p> <p>To receive a report from the Strategic Manager (Resources).</p>
16.	<p>Exclusion of the Public</p> <p>The Chair to move:</p> <p>That the public be excluded from the remainder of the meeting because of the likely disclosure of exempt information by virtue of paragraph 3 of Part I and paragraph 10 of Part 2 of Schedule 12A of the Local Government Act 1972.</p>

17.	PART II (CLOSED SESSION)
	Meeting Organiser: Mary Richards - Democratic Services

Agenda Item 2

1

TORRIDGE DISTRICT COUNCIL

AUDIT & GOVERNANCE MEETING

Tuesday, 12 June 2018 - 2.00 pm

PRESENT Councillor P Hackett (Chair)
Councillors J Hellyer, D Brenton, J Himan and R Julian

ALSO PRESENT S Hearse - Strategic Manager (Resources)
D Heyes - Finance Manager
M Bartlett - Engagement Lead
G Daly - Engagement Lead
R Hutchins - Devon Audit Partnership Manager
M Richards - Democratic Services Officer
C Dobbs - Service Improvement Officer

Mr A Ashworth - Non-elected Member

The Chair welcomed everyone to the meeting and extended a special welcome to the new Vice Chair.

1. APOLOGIES FOR ABSENCE

There were no apologies.

2. MINUTES

It was proposed by Mr Ashworth, seconded by Councillor Julian and –

Resolved:

That the minutes of the meeting held on 13 February 2018 be signed as a correct record.

(Vote: For 3, Abstentions 3)

3. DECLARATION OF INTERESTS

Members were reminded that declarations of interest should be made as and when the specific agenda item to which they related was under discussion.

4. AGREEMENT OF AGENDA ITEMS PART I AND II

There were no Part II items.

5. URGENT MATTERS BROUGHT FORWARD WITH THE PERMISSION OF THE CHAIR

There were no urgent matters brought forward.

6. AUDIT MANAGER'S OPINION

The DAP Partnership Manager introduced himself and his Team Member, Gary Spratley.

The Committee was informed that the Annual Audit Manager's Opinion provided a summary of the work carried out within the last financial year and served to assure Members that measures were in place to identify and address risks. The DAP Partnership Manager defined the assurance statement and drew Members' attention to the coverage and results of the audits carried out.

Clarification of the performance indicator values was given and the rating system was explained in more detail. Members raised the issue of slippage and highlighted slippage within the overall controls. A further discussion took place, with the Strategic Manager (Resources) reaffirming that the management of slippage was dependent on whether the slippage would result in unacceptable risk. Resources were finite and systems and controls would be managed within the resources available. Also, an opinion as to the progress within Planning was sought. The detail was not to hand, however, the DAP Partnership Manager confirmed that progress had been and was continuing to be made. The Strategic Manager (Resources) added that a Planning Improvement Plan had been put in place and the Team was now fully resourced. Other issues discussed included:

- The new Waste & Recycling regime – Members were advised that a post project review would be carried out but in the interim any complaints should be forwarded to the Service Improvement Officers.
- Satisfaction survey comments to be depersonalised in future reports.

The DAP Partnership Manager concluded that, overall, the report was good and confirmed that Authority's internal control framework was both adequate and effective.

Members noted the report.

7. ANNUAL GOVERNANCE STATEMENT - FINAL REVIEW

The Service Improvement Officer presented the report and asked Members for approval of the Annual Governance Statement which was to be signed off with the Financial Statement at the meeting on 24 July.

Members reviewed and discussed the statement.

It was proposed by Councillor Hellyer, seconded Councillor Brenton and –

Resolved: That the Annual Governance Statement be formally approved.

(Vote: For – unanimous)

The Summary Action Plan was noted.

8. DRAFT ACCOUNTS 2017 - 2018

The Finance Manager commenced his presentation of the draft accounts by talking Members through variances from budget which showed a total surplus of £604,000. £760,000 had been released from reserves to give a balanced budget position. The key variations were:

- Business rates – The Government would compensate Council's in respect of small business rates relief, however, it would take time to filter through. As part of the Devon Business Rate Pool, TDC had contributed £237,000. The process was that, if a profit was achieved, 50% went into the Pool to be shared out amongst the member councils. If TDC were not part of the Pool, any profit would go back to Central Government. TDC's share from the Pool would not be released until 2019/2020.
- Housing Benefit Subsidy – Local Authorities were obliged to house the homeless. In the Torridge area it was often difficult to find suitable housing and many people ended up in temporary bed and breakfast accommodation but Government reimbursement was less than the actual cost. Other tenants were on assisted tenancies through Charis House and The Bideford Lighthouse Trust. Although registered charities, these organisations were not registered social landlords and this meant there were restrictions on how much could be claimed.
- Staffing - there had been a large underspend. Funds had been set aside from the reserves for agency staffing.

The £604,000 surplus had been transferred to reserves and earmarked for a series of projects, some of which had already been approved by the Community & Resources Committee.

The Strategic Manager (Resources) explained that the overspend in his service area was due largely to the housing benefit subsidy as already discussed and the telephony upgrade.

Details were given relating to treasury activities, the pension fund, the capital programme and the collection of Council Tax and Business Rates. The capital programme and Member involvement in decision making was discussed.

9. WAIVERS AND NON-COMPLIANCE WITH PROCEDURE RULES

The Service Improvement Officer presented the report on non-compliance with procedure rules and waivers. He explained the waiver process and pointed out that the number of waivers had decreased significantly.

The report was noted.

10. 2018/19 AUDIT FEE LETTER

The Annual Fee Letter for the External Auditor was presented. The letter outlined

the billing schedule and the audit timetable and Members were advised that the main audit fee would be set at £31,792. Grant Thornton confirmed the work would be completed by the end of July.

Reference was made to a footnote within the papers regarding private meetings between Members and Grant Thornton at the end of Audit & Governance meetings. The Engagement Lead confirmed it was common practice for officers to leave at the end of the meeting to allow private meetings with Members and that information discussed would be treated with the strictest confidence. The Chair advised that he had a private meeting with Grant Thornton before each A&G Meeting and said other A&G Members were welcome to attend.

11. GRANT THORNTON UPDATE REPORT

The Audit Progress Report, as at 31 May, provided Members with an update on the External Auditors' progress, together with a summary of emerging national issues and developments. Members were able to view the deliverables and the results of the interim audit work, as well as an overview of the General Data Protection Regulation. There were no issues to report to Members.

The Engagement Lead, Grant Thornton, referred Members to the following publications:

- Public Sector Audit Appointments – Report on the results of auditors' work 2016/17
- The National Audit Office - Report on financial sustainability across Local Government
- CIPFA - The Prudential Code and Treasury Management Code

A section of the presentation was dedicated to the Vibrant Economy Index, a piece of work carried out by Grant Thornton which provided a robust, independent framework to help everyone understand the challenges and opportunities in their local area.

The Chair thanked the Engagement Lead and the report was noted.

12. AUDIT REPORTS ISSUED TO DATE

The Summary of Internal Audit Reports Issued to Date was reviewed. Audits had been carried out on 7 service areas.

The opinion for the audits on Housing Benefits and Payroll had been "good"; "satisfactory" for the audits on Cyber Security – End User Controls, KPIs, Risk Management and Cemeteries; and "marginal/satisfactory" for Health & Safety.

The Environmental & Community Safety Manager had identified resources and was awaiting approval for a nominated Health & Safety Officer. TDC's assets, particularly the former Cattle Market buildings and East-the-Water Wharves, were raised by Members as sites of high risk in terms of Health & Safety. The Strategic Manager (Resources) stated that the sites had been made secure and warning

signage had been erected. A report would be brought back to the Audit & Governance Committee at a future date.

Concerns were raised that flaws had been identified in areas as critical as Cyber Security and Health & Safety. The Strategic Manager (Resources) responded that the ICT policy had been updated but needed to be approved by the Management Team and a plan is in place to resolve the Health & Safety resource issue.

It was proposed by Councillor Himan, seconded by Julian and –

Resolved:

That an interim report be brought back to the meeting on 24 July with regard to Health & Safety and that the Environmental & Community Safety Manager be invited to attend.

(Vote: For – unanimous)

The report was noted.

13. PROGRESS WITH AGREED AUDIT ACTIONS

The Service Improvement Officer delivered the Progress with Agreed Actions report. The Committee was informed that, since the last meeting of Audit & Governance, 29 new audit actions had been identified in relation to the 7 internal audits carried out; 32 audit actions had been completed by management; extensions for 10 items had been put forward and agreed and 2 second extensions had been proposed; one audit action had been recommended for archive and 5 audit actions remained outstanding.

It was proposed by Councillor Hackett, seconded by Councillor Julian and –

Resolved:

- That the second extension and archive requests be agreed.
- That the Progress with Agreed Actions report be noted.

(Vote: For 5, Abstentions 1)

14. THE LOCAL AUDIT QUALITY FORUM

The Chair reported on his recent attendance at the Local Audit Quality Forum. The Forum had explored:

- The importance of public audit, the National Audit Office's role and responsibilities in relation to local audit
- A comparison of different models of public audit
- The key themes of CIPFA's guidance on Audit Committees

An example was received of an authority which had ignored the auditors flagging issues over a 2 year period and the pressures resulting consequently on the services of that council. On the back of these failings, CIPFA will now publish a resilience index so that councils can be identified who are at risk of depleting reserves.

As Audit & Governance was becoming one of the most important Committees it had a key role in maintaining the financial health of the Council.

The Chair to circulate a copy of his notes to all Committee Members.

Discussion points raised during the ensuing debate:

- The Head of Paid Service had not attended an Audit & Governance meeting for a long time
- Detailed information needed to be presented in a format that could be easily understood by the public
- Services had to be delivered within resource available
- More training was required for Audit & Governance Members– more detail needed, although training needs were already being considered in anticipation of a new Council in 2019.

15. FORWARD PLAN

The Forward Plan was considered. Additional items for the meeting on 24 July:

Health & Safety
Ongoing Concern

The Waste & Recycling post project review would not be ready for the next meeting but would feature at a later date.

16. CORPORATE ASSURANCE RISK REGISTER - JUNE 2018

The Strategic Manager (Resources) highlighted the additional actions within each corporate risk and detailed the actions taken to mitigate the risk.

Councillors specifically raised safeguarding children and vulnerable adults for debate and were advised that it was not compulsory for Councillors to be CRB checked but it was advisable that they were checked due to the nature of their roles.

In response to concerns raised about telephony the Committee was advised that a back up system was in place.

The meeting commenced at 2.00 pm and closed at 4.00 pm.

Chair:

Date:

Agenda Item 9

Agenda Item

REPORT OF **Strategic Manager Resources**
To: **Audit & Governance**
Subject: **Assessment of Going Concern Status**
Date: **24 July 2018**

Reference:

PURPOSE OF REPORT:

To consider the report of the Strategic Manager – Resources: Torridge s151 Officers’ assessment of the Council as a “going concern” in light of the closure of the Statement of Accounts for 2017/18.

1. INTRODUCTION

This is the second such assessment made by way of a formal report to the Audit & Governance Committee, updated to incorporate both the Medium Term Financial Strategy reported to Full Council on the 26th February 2018 and the draft 2017/18 statement of accounts.

2. REPORT

Following a pro-longed period of austerity, which has led to continued funding reductions and budgetary constraint it has become increasingly relevant to consider the concept of going concern through an assessment of the Council’s financial position and stability.

The concept of ‘going concern’ itself assumes that an organisation: Torridge District Council, its functions and services will continue in operational existence for the foreseeable future.

The sustained reduction in funding for Local government over the last 7-8 years poses a significant threat to the ongoing viability of councils and as a consequence our External Auditors are now placing a greater emphasis on our ability to operate under the banner ‘going concern’. They are no longer simply checking that our Statement of Accounts are in good order and that we are delivering VFM there is now a wider concern about our ability to continue to deliver our community obligations and services.

All principal local authorities are required to compile its Statement of Accounts in accordance with the Code of Practice on Local Authority Accounting for 2017/18 (the Code) as published by the Chartered Institute of Public Finance and Accountancy (CIPFA). In accordance with the Code the Council’s Statement of Accounts are prepared assuming that the Council will continue to operate in the foreseeable future and that it is able to do so within the current and anticipated resources available. By this, it is meant that the Council will realise its assets and settle its obligations in the normal course of business.

The main factors which underpin this assessment are:

- The Council’s current financial position;
- The Council’s projected financial position;
- The Council’s Balance Sheet;
- The Council’s cash flow;
- The Council’s governance arrangements;
- The regulatory and control environment applicable to the Council as a local authority.



Each of the above is considered in more detail below.

The Council's Current Financial Position (Revenue)

The 2017/18 financial year resulted in a surplus of £604k, it should be noted however that the 2017/18 budgets only balanced after £760k was released from reserves. The financial position reported for 2017/18 as at 31 December 2017 projected a surplus of £354k. The projected surplus was allocated to the following

- Funding for Future Apprentices £50k
- Future Proofing – replacement of Parking Machines £66k
- Project Management Costs £50k
- Planned Maintenance £188k

The additional surplus of £250k (£604k - £354k) was recommended to be utilised as detailed below:

- Increased Project Management Costs - £90k in total £40k
- Provision for agency backfill of vacancies within Property Services and ICT £75k
- Transfer to Contingency Reserve £45k
- Additional Resources to facilitate compliance with GDPR £12k
- Transfer to the Transition in Government Funding Reserve £78k

As at 31 March 2018 the Council held revenue reserves of £11.3m for specific purposes including capital investment projects and a £1.1m uncommitted General Fund balance. A review of financial risks and balances held in reserves is carried out during the budget process and when the Statement of Accounts are prepared.

The Council set a 2018/19 Budget balanced at £10.311m, which included £0.172m being set aside into the Transition in Government Funding Reserve (resources set aside to help alleviate the impact of future reductions in Government funding). This *excludes* the £0.078m recommended to be set aside to this reserve from the 2017/18 surplus.

However, it should be noted that the Budget 2018/19 does include an overall net movement of £1.946m to reserves, as detailed below:

Contribution to Capital Reserves	£0.686m 50% of New Home Bonus
Community Grants	£0.342m 25% of New Homes Bonus
Transfer to Economic Regeneration Reserve	£0.390m
Transfer to Vehicle Replacement Reserve	£0.198m
Transfer to Transition in Govt Funding Reserve	£0.172m
Transfer to Backlog Maintenance Reserve	£0.130m
Other transfers to reserve	£0.132m

It is worth noting that Torridge only utilises 25% (£0.342m in 2018/19) of its annual New Homes Bonus grant as an allocation to fund general service revenue expenditure. The balance of £1.028m being set aside to support the capital programme and community grants. Therefore in terms of financial resilience this does provide a robust mitigation in terms of the Council's overall funding envelope.



The Council's Projected Financial Position (Revenue)

The Council's Medium Term Financial Strategy (MTFS) was refreshed and reported to Full Council alongside the Budget 2018/19. The projected net revenue spend of the Council reduces from £10.311m in 2018/19 to £10.288m in 2022/23.

Prepared using the best forecasts available at the time of reporting the overall forecast position through to 2022/23 shows a funding gap of £0.432m; see projected budget deficit for the period 2018/19 to 2022/3 below.

	£'m	
2018/19	nil	
2019/20	0.115m	*
2020/21	0.513m	
2021/22	0.502m	
2022/23	0.432m	
Cumulative Total	1.562m	

* Projected deficit for 2019/20 adjusted for the release of Business Rate Collection Fund Surplus from 2017/18 to be released in 2019/20.

It is projected that as at 1st April 2018 the Council will hold **£1.435m** in its Transitional in Government Funding and Business Rates Reserves which can be utilised to balance the Council's projected deficit whilst savings are identified to bridge the funding gap.

It is planned that a report will be presented to the Community and Resources Committee in September 2018 to provide members with options to balance the Council's budgets over the medium term.

However, it should be noted that the MTFS assumes £0.6m per annum savings from the waste and recycling service review which commenced in June 2018. The savings forecast from this major service review are projected to appear across the 2018/19 and 2019/20 financial years. Subscriptions received to-date for the chargeable green collection service indicates that the savings identified will be achieved.

Clearly there are major changes afoot in the world of Local Government funding most notably the move to 100% Business Rates retention, fair funding review and continued central government funding reductions. However, measures to mitigate the financial impacts facing Torridge have been implemented successfully time and time again, which have developed a robust financial base of which Torridge can be proud.



The Council's Investment (Capital) Programme

Torrige has built up resource capacity to allow the Council to develop an ambitious and sizable capital investment programme, which can be balanced around community benefits and seeking to generate revenue income from projects implemented. This has been done predominantly following a period of setting aside New Homes Bonus allocations for investment purposes (50%) rather than simply underpinning the revenue budget.

In 2017/18 the final approved programme consisted of projects and investment amounting to almost £8.64m (with £4m being aside for a new depot for the refuse and recycling service).

In the 2018/19 round of project submissions 9 projects amounting to investment of £2.1m were approved for inclusion in the medium term programme. With existing approved schemes and those expected to be carried forward into 2018/19 this generates a current medium term capital programme of some £23.672m.

Projected funding of £24.42m has been identified to fund the Capital programme consisting New Homes Bonus Funding, Capital Receipts, Grants and prudential borrowing (New Refuse Depot). The funding going forward assumes that 50% of any New Homes Bonus received will still be earmarked for capital purposes.

The Council's Balance Sheet as at 31 March 2018

In order to determine and reach the conclusion that the Balance Sheet is robust specific areas of consideration were identified and reviewed, which were:

- Debts owed to the Council
- Net worth of the Council
- Adequacy of provisions held
- Reserves set aside – either earmarked or not and whether actually committed
- The adequacy of the General Fund Balance to meet unforeseen expenditure.

The Council's net assets amounted to £9.218m, which is significantly reduced by the inclusion of the pension scheme liability of £41.9m. Contributions to meet this have been increasing and increases in contributions have been factored into the MTFS based on recent experience.

However, taking a more pragmatic approach the real current net worth could be considered the total of usable reserves, which amounted to £12.4m. Usable reserves consist of Capital Receipts Reserve £0.207m, Capital Grants Unapplied £0.128m, Earmarked Reserves £11.3m and General Reserve £1.1m.

The Council's Cash Flow

The Council in accordance with recommended practice and in compliance with its Treasury Management Strategy maintains short, medium and longer term cash flow projections. As at 31st March 2018 the Council held £12.0m in investments. The entire £12.0m was held in highly liquid investments and there were no investments held for longer than a period of 365 days. The balance of long term borrowing commitments all held with the Public Works Loan Board as the close of the financial year 2017/18 is £0.964m.

As at the 31st March 2018 the Council had £2.46m held in its current bank account



The Council's Governance Arrangements

The Annual Governance Statement is reviewed taking account of external and internal audit reviews. Statements of assurance in the performance of internal controls and risk are sought from the Senior and Operational Management Team. The effectiveness of the Council's governance arrangements are reviewed via a rolling programme of each of the sections of the statement together with the evidence to support it. This is reviewed by the Audit & Governance Committee. Whilst it is not possible to secure absolute assurance the annual review of the statement and the rolling programme of reviewing evidence leads me to conclude that the existing arrangements are fit for purpose and provide adequate assurance of their effectiveness.

The External Regulatory and Control Environment

The Council is required to operate within a highly legislated and controlled environment and particular emphasis of this can be exemplified and demonstrated with the financial controls in place. Examples of which include the requirement of Full Council to approve a balanced annual budget, but within that to consider and have regard via assurance from the s151 Officer to the robustness of that budget, its estimates and the adequacy of reserves held. The control environment extends thereafter to the prescriptive role that External Audit has in its auditing of the financial statements, the review of value for money and financial resilience and detailed work around subsidy claims.

3. IMPLICATIONS

Legal Implications

None specific to this report although there is a requirement to produce the Council's Statement of Accounts giving regard to the concept of going concern.

Financial Implications

Nothing specific to this report as the report evaluates and assesses the Council's overall financial position, robustness and resilience.

Human Resources Implications

Nothing specific from this report.

Sustainability Implications

The report assesses the sustainability of the Council to continue to operate for the foreseeable future.

Equality/Diversity

Nothing specific from this report.

Risk Management

The report highlights a number of areas where risks have been considered and actions adopted to mitigate financial risk.

Compliance with Policies and Strategies

This is associated with Torridge's Strategic Plan and Medium Term Financial Strategy.

Ward Member and Leader Member Views

Councillor Nick Laws 3rd July 2018

I have read the Going Concern report and discussed its content with the Strategic Manager. I am satisfied with the information as presented and with the assurance given and endorse the report.



4. CONCLUSIONS

The conclusion reached is that Torridge retains a robust financial position with more than adequate arrangements in place to be classed as a “going concern”

5. RECOMMENDATIONS

That members of the Committee note the outcome of the assessment made of the Council’s status as a “going concern” for the purposes of compiling the draft Statement of Accounts 2017/18.

SUPPORTING INFORMATION

Consultations: Date of Consultation –3rd July 2018
 Officers Consulted –
 Head of Paid Service
 Senior Solicitor and Monitoring Officer

Contact Officer: Steve Hearse – Strategic Manager Resources

Background Papers: Budget 2018/19, MTFS and Capital programme 2018/19 –
 2022/23
 Draft Statement of Accounts 2017/18



Agenda Item 12

Agenda Item

REPORT OF **Service Improvement Officer**
To: **Audit and Governance Committee**
Subject: **AGS - Review of Evidence**
Date: **24th July 2018**

Reference:

PURPOSE OF REPORT:

To satisfy the Committee that the AGS Supporting Evidence reflects the governance framework

1. INTRODUCTION

Paragraph 6(1) of the Accounts and Audit (England) Regulations 2016 requires the Council to conduct a review at least once a year of the effectiveness of its control environment and to publish this in the Annual Governance Statement.

The Annual Governance Statement refers to a Code of Corporate Governance which was last approved by Audit & Governance Committee on 5th December 2017.

The Annual Governance Statement was last approved by Audit & Governance Committee on 12 June 2018.

A process is in place for Members of the Committee to review the evidence to support the Statement on a rolling basis.

2. REPORT

At the meeting on 29th November 2016 it was agreed that the Council should continue to look at governance evidence topics on a random basis, chosen by the Chair prior to each meeting. The Chair has chosen principles B3 and C2 for review at the meeting on the 24th July 2018.

Principle B is about **ensuring openness and comprehensive stakeholder engagement**.
Section B3 is about **engage with individual citizens and service users effectively**

Principle C is about **defining outcomes in terms of sustainable economic, social, and environmental benefits**
Section C2 is about **provide sustainable economic, social and environmental benefits**

A copy of these sections of the database is included in Appendix A and Members are invited either before, during or any time after the meeting, to select items for further interrogation, to satisfy themselves that the evidence accurately reflects the governance framework.

3. IMPLICATIONS

Legal Implications

There is a legal requirement as part of approval of the annual statement of accounts

Financial Implications

None



Human Resources Implications

None

Sustainability/Biodiversity Implications

N/A

Equality/Diversity

Equality Impact Assessment prepared

Risk Management

The evidence supporting the Annual Governance Statement reviews the Council's governance arrangements including risk management and identifies areas for improvement that are identified in the action plan.

Compliance with Policies and Strategies

Approval and adoption of the Annual Governance Statement is a key aspect of demonstrating that Torridge District Council has undertaken an annual review of its governance framework

Ward Member and Leader Member Views

Consultation date – Chair of A&G, Councillor Philip Hackett, on 4th July 2018.

4. CONCLUSIONS

The Committee having reviewed the evidence to support the Annual Governance Statement will then make suggestions to address any areas identified for improvement.

5. RECOMMENDATIONS

It is recommended that:

- The evidence contained in sections B3 and C2 of the supporting database be noted.

SUPPORTING INFORMATION

Consultations: Jenny Wallace, Head of Paid Service
Jamie Hollis, Monitoring Officer
Steve Hearse, Statutory Finance Officer
Councillor Philip Hackett

Contact Officers: Chris Dobbs, Service Improvement Officer

Background Papers: Supporting Database



B3 Engage with individual citizens and service users effectively				90%
Page 18	B3.1 Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes.	Record of public consultations	Communications Strategy - January 2017	
			Consultation Strategy - July 2017	
			Consultation and community engagement toolkit available on the Intranet to all staff	Needs to be reviewed - out of date
			Torrige have a petition scheme and provide a template for the public to use and petitions collecting a set number of signatures are presented to Full Council	
			Petition Scheme & Template	
			The results of public consultations are summarised in the Annual Report	
		Annual Report - 2018		
	Partnership framework	The Partnership Protocol provides a guide to the key processes that should be followed when establishing and maintaining effective partnerships.	is more needed?	
B3.2	Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement	Communication Strategy	Communications Strategy - January 2017	
			Consultation Strategy - July 2017	



			Media Policy - July 2017	
			Social Media Policy Aug 2017	
B3.3	Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future use	Communication Strategy	Press releases advertise consultation events and additional press releases provide details of outcomes of consultations.	
			The views of stakeholders who work with hard to reach/vulnerable groups are specifically targeted during the consultation process	
			Customer 10/10 feedback surveys are carried out by service areas and improvement ideas are taken onboard by Operational Managers. Results are summarised in the Annual Report.	
			Building Control - summary of 10-10 results	
			Annual Report - 2018	
			Attendance at local Agricultural shows	
			Strategic Plan Consultation - Stakeholders	
			Joint Strategic needs assessment	Devon Joint health and wellbeing Strategy 2016-19
			Equality Policy 2017-20	



			Equality Impact Needs Assessments	
			Retail and Leisure Needs Assessment	
			Economic Viability Assessment (with North Devon)	
B3.4	Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account	Communication Strategy	TDC attends rural events, such as the local agricultural shows, to promote and ensure that all citizens have equal access to its services.	
			Torridge at the Woolsery Show	
			There is a public participation scheme to allow the public to speak at committees	
			Public Participation scheme	
			The External and Internal Overview and Scrutiny committees and the Community & Resources Committee have Independent Members who provide an independent and impartial presence	
			Example External O&S Agenda October 2017	
			The website has facilities for customers to submit suggestions, compliments and complaints. A 28 day service standard is in place for handling complaints.	
			Complaints and Suggestions on Website	



2.3.5	Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity	Process for dealing with competing demands within the community, for example a consultation	The analysis of public consultation results are sub-divided to show the views of different stakeholder groups. We rely on Councillors performing a 'community champion' role and acting as the major interface between the public and the Council. Councillors regularly enter the office to discuss verbal or written interaction with ward constituents.	
Page 21	Taking account of the impact on future generations of tax payers and service users	Reports	Torridge Strategic Plan 2016-20	
		Joint Strategic needs assessment	Devon Joint health and wellbeing Strategy 2016-19	
			Torridge Profile October 2017	
			Joint Local Plan Supporting Material	



C2 Provide sustainable economic, social and environmental benefits				100%
C2.1	Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision	Capital investment is structured to achieve appropriate life spans and adaptability for future use or that resources (e.g. land) are spent on optimising social, economic and environmental wellbeing:	The MTFS is supported by detailed analysis of customer prioritisation, risks and inflation factors. The Medium Term Financial Strategy is regularly reviewed and reported to and debated by Members.	
		Capital programme	Budget 2018-19 & MTFS & Capital Programme - Full Council Report Approved Capital Programme	
		Capital investment strategy	Budget 2018-19 & MTFS & Capital Programme - Full Council Report	
C2.2	Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints	Discussion between Members and Officers on the information needs of Members to support decision making	Lead Members are consulted on and provide comments for Committee reports 2017-18 Audit Manager's Opinion - covering report	
		Record of decision making and supporting materials	Officers provide reports to support key decisions by members; reports include risk management, legal, and financial implications. All Committee minutes are on the website and decisions are recorded in minutes and decision notices are published on the website. All of the above items are published one week in advance of committee meetings. The reason for any Part II items is set out on the agenda. Officer delegated decisions are also published on the website	
			Report to C&R Village Green 2017	
			C&R Minutes - October 2017	
			C&R Decision Notice - October 2017 C&R Minutes Aug 2017 showing Part 2 Items	



C2.3	Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs	Record of decision making and supporting materials	Torridge Strategic Plan 2016-20	
			Officers provide reports to support key decisions by members; reports include risk management, legal, and financial implications. Decisions are recorded in minutes and decision notices are published on the website. All of the above items are published one week in advance of committee meetings. The reason for any Part II items is set out on the agenda.	
			Report to C&R Village Green 2017	
		Protocols for consultation	Constitution Part 2 - Articles	
			Where key decisions will have a direct affect on local communities, consultations have been carried out to obtain stakeholder input and views and to ensure local community involvement. Results are presented to Committee as appropriate.	
			Communications Strategy - January 2017	
		Consultation Strategy - July 2017		
C2.4	Ensuring fair access to services	Protocols ensure fair access and statutory guidance is followed	Reports all require a consideration of financial, legal, HR, equality implications etc. Reports cannot be included on an agenda unless cleared by SFO or nominated finance staff	
			Report Writers Protocol and Guidance	



REPORT OF DAP Partnership Manager
To: Audit & Governance Committee
Subject: Effectiveness of the Audit Committee
Date: 24 July 2018

Reference:

PURPOSE OF REPORT: To consider the Chartered Institute of Public Finance and Accountancy (CIPFA) self-assessment checklist for Audit Committees.

1. INTRODUCTION

It is acknowledged best practice for audit committees of local authorities to comply with the guidance provided by CIPFA. In accordance with this Members approved the adoption of the statement of purpose, core functions and terms of reference for the Audit & Governance Committee and these are set out in the Council's Constitution. There are diverse aspects to the role of Members appointed to an audit committee and CIPFA provide a useful self-assessment checklist that can be used periodically to monitor the effectiveness of an Audit Committee. It is timely to consider progress and identify any further improvements that can be taken forward.

In March 2018 CIPFA (Chartered Institute of Public Finance & Accountancy) issued updated guidance on the function and operation of audit committees, including an updated "self-assessment of good practice" (see Appendix A) showing areas where it is known the Audit and Governance Committee meet Good Practice.

The new / updated elements of the checklist are shown in italic and brown text in Appendix A to this report.

2. REPORT

The checklist has initially been completed as far as possible by the Service Improvement Officer and the DAP Partnership Manager and is attached for consideration and update by the Committee.

3. IMPLICATIONS

Legal Implications

None.

Financial Implications

None.

Human Resources Implications

None.

Sustainability Implications

None.

Equality/Diversity

None.

Risk Management

If the Audit & Governance Committee is ineffective or perceived to be ineffective then the Council may receive no assurance on whether its governance arrangements, risk management and control environment are operating adequately. This would lead to censure by the external auditors and any allegations of mismanagement and poor control could not be



defended. This review provides an opportunity for the Committee to consider how effective it is and to address any improvements.

Compliance with Policies and Strategies

Compliance with CIPFA guidance follows best practice.

Ward Member and Leader Member Views

Chair of A&G, Councillor Philip Hackett said "Maintaining an effective Audit Committee is vital and periodically assessing our performance is an essential part of achieving this."

4. CONCLUSIONS

The Checklist should be completed to show the Committee's achievements so far against the CIPFA requirements and to identify any improvements or amendments that could be taken forward.

5. RECOMMENDATIONS

It is for Members to acknowledge their performance in their role as the Audit Committee against the CIPFA checklist and to decide in which areas they have evidence of their effectiveness and which areas they would suggest could be developed further.

SUPPORTING INFORMATION

Consultations:	Jenny Wallace, Head of Paid Service Steve Hearse, Strategic Manager (Resources) Councillor Philip Hackett, Chair of A&G Committee
Contact Officer:	Chris Dobbs, Service Improvement Officer Robert Hutchins, DAP Partnership Manager
Background Papers:	CIPFA - Audit Committees: Practical Guidance for Local Authorities and Police (2018 Edition)



**APPENDIX A CIPFA Self-Assessment Checklist –
Measuring the Effectiveness of the Audit Committee
Review by A&G Committee 24 July 2018**

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Audit committee purpose and governance		Y	P	N	Comments / evidence / actions required
1	Does the authority have a dedicated audit committee?	Y			Committee established 2010 and meets regularly
2	Does the audit committee report directly to full council?	Y			Committee can decide to escalate issues to Full Council Chair/officer reports taken to Full Council as and when required
3	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?	Y			Constitution, Part 3 - Responsibility for functions, (Scheme of delegation).
4	Is the role and purpose of the audit committee understood and accepted across the authority?	Y			Documented in the constitution. Regular "Newsletter" produced and distributed to all Members
5	Does the audit committee provide support to the authority in meeting the requirements of good governance?	Y			The Audit Committee helps to set the "tone from the top" in particular in relation to its zero tolerance stance against fraud and corruption. Our external auditors (Grant Thornton) provide their reports on their work, which is concluded in the Annual Audit & Inspection Letter and the Annual Governance Review; and these are specifically reported to A&G. Other agency's reports are collated and presented as part of the review for the Annual Governance Statement.
6	Are the arrangements to hold the committee to account for its performance operating satisfactory?	Y			Various minutes of A&G show this (e.g. risk management strategies; internal control statements; anti-fraud arrangements; whistle-blowing strategies). A qualified and experienced Independent member appointed to the Committee provides support and challenge
Ref	Functions of the committee	Y	P	N	Comments / evidence / actions required
7	Do the committee's terms of reference explicitly address all the core areas identified in the CIPFA Position Statement? <ul style="list-style-type: none"> • Good governance • Assurance framework <i>including partnerships and collaboration arrangements</i> • Internal audit • External audit • Financial reporting • Risk management • Value for money or best value 	Y			Constitution, Part 3 - Responsibility for functions, (Scheme of delegation). The Council's Scrutiny Committees review partnership and collaboration arrangements. In addition the North Devon Crematorium is regularly audited by North Devon Council and internal audits of other collaborative arrangements are reported to A&G as appropriate (e.g. in 2017/18 this included an audit of Wessex Home Improvement Loans by SWAP)



	<ul style="list-style-type: none"> Counter-fraud and corruption. <i>supporting the ethical framework</i> 				Codes of Conduct in place for Members and Officers and a Register of Member Interests published. A&G Committee periodically review and improve Anti-Fraud Corruption and Bribery Policy and Whistleblowing Policy. Ethics and Values internal audit reports are included in the Audit Plan (most recently in December 2016)
8	Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	Y			Annual assessment of the effectiveness of the Committee. Internal Audit – must comply with the Public Sector Internal Audit Standards (PSIAS) – an external review carried out in December 2016 confirmed this.
9	Has the audit committee considered the wider areas identified in CIPFA’s position statement and whether it would be appropriate for the committee to undertake them?	Y			The HOPS, Section 151 Officer or Monitoring Officer would refer any relevant matters (e.g. from other Committees) to A&G for consideration.
10	Where coverage of core areas as been found to be limited, are plans in place to address this?	Y			Coverage is considered appropriate, but if this were to be the case then such plans would be prepared.
11	Has the committee maintained its on-advisory role by not taking on any decision-making powers that are not in line with its core purpose?	Y			The Committee is not a decision making body C&R Committee and Full Council receive reports on Treasury Management and it would be duplication for A&G to consider this.
Ref	Membership and support	Y	P	N	Comments / evidence / actions required
12	Has an effective audit committee structure and composition of the committee been selected? This should include: <ul style="list-style-type: none"> Separation from the executive An appropriate mix of knowledge and skills among the membership A size of commitment is not unwieldy <i>consideration has been given to the inclusion of at least one independent member (where it is not already a mandatory requirement)</i> 	Y			<ul style="list-style-type: none"> The constitution specifies 7 members (6 councillors and 1 independent); quorum of 4 Some Members also sit on C&R Committee. Any decisions which pose a conflict would be declared. Independent position formally advertised and ‘best’ candidate selected
13	<i>Have independent members appointed to the committee been recruited in an open and transparent way and approved by the full council as appropriate for the organisation?</i>	Y			•Independent position formally advertised and ‘best’ candidate selected
14	Does the chair of the committee have appropriate knowledge and skills?	Y			Chair has received training in ‘chairing skills’. Training provided by DAP and Grant Thornton at August 2017 committee meeting.



15	Are arrangements in place to support the committee with briefings and training?	Y		<ul style="list-style-type: none"> • Briefings included on agenda as required • Members invited on training/briefing sessions as they arise. Members attended a briefing session arranged by DAP & SWAP at Buckfast Abbey and Sparkford. • Training on Financial Statements and the AGS process is provided each year as necessary. Joint training with NDC was provided in June 2015 covering the role of the Committee, Financial Statements, Governance and Risk Management. • Training was provided at the July 2017 Committee on Governance / the role of audit committees
16	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?	Y		<p>Induction carried out in May/June 2015 for the newly appointed committee members. Additional audit training for Chair and Vice Chair provided by DAP in autumn 2015.</p> <p>Other training requirements identified through this self-assessment process.</p>
17	Does the committee have good working relationships with key people and organisations, including external audit, internal audit and the chief financial officer?	Y		The A&G minutes show this to be the case
18	Is adequate secretariat and administrative support to the committee provided?	Y		<p>Democratic Services draw up the agenda, circulate committee papers, and prepare/publish minutes</p> <p>Service Improvement Officer meets with the Chair to discuss forthcoming agenda items</p>
19	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	Y		A stakeholder survey was carried out in summer 2016. There was a low response rate but the responses received indicated a high level of satisfaction with the Committee's performance.
20	<i>Are meetings effective with a good level of discussion and engagement from all the members?</i>	Y		Meetings are considered to be effective. Members are engaged and ask relevant and appropriate questions of officers to further inform the assurance that they are being provides.
21	<i>Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?</i>	Y		<p>Re engaging with leaders and managers, a recent example has been on updates to the Data Protection Act 2017 and GDPR, where the Senior Solicitor updated the committee on the progress against both. The Senior Solicitor confirmed that training days would be held for staff and members with regards the new regulations.</p> <p>Re discussion of audit findings, risks and action plans - All internal audit reports are circulated to A&G members in full, with a summary included within the committee papers. In February 2018 the Senior Solicitor was asked questions in relation to a Planning audit and confirmed that a planning improvement plan was in place.</p>



22	<i>Does the committee make recommendations for the improvement of governance, risk and control and are these acted on?</i>	Y			<p>The A&G committee plays an active role in the improvement of governance, risk and control. Members challenge officers to ensure that risks are understood and that mitigating controls are achieving the desired effect.</p> <p>Members take a keen and active interest in ensuring agreed actions are implemented. Discussion at the December 2017 meeting, and agreed minutes, provide good evidence of member involvement e.g.</p> <p><i>Members also discussed archiving the Audit action for Waste however the Independent Member raised that it should not be archived as it was too much of a risk as if there is no formal contract therefore who is liable.</i></p> <p><i>Members raised their worries regarding no formal agreement in place and possible non compliance with the FRP, therefore the Strategic Manager (Resources) agreed to discuss with the Waste & Recycling Manager and report back.</i></p> <p><i>Members also discussed the proposal to extend time to complete the information management policy and the IT security policy. Members felt that due to cyber security risks these documents could not be delayed and the Strategic Management (Resources) agreed to review this matter and report back.</i></p>
23	<i>Has the committee evaluated whether and how it is adding value to the organisation?</i>			N	<p>A consultation with all Members was carried out in 2016 but there was a limited response and it was agreed that the Chair would provide updates to Full Council. Please see action 25 below.</p>
24	<i>Does the committee have an action plan to improve any areas of weakness?</i>	Y			<p>The Committee undertakes an annual self assessment against the CIPFA expected standards. Where actions are identified, then an action plan will be prepared. On a regular basis the Committee will consider its needs make improvements as required. For example, a training need may be required, and training from officers will be requested.</p>
25	<i>Does the committee publish an annual report to account for its performance and explain its work?</i>			N	<p>A presentation was made by the A&G Chair to Full Council at the 2018 AGM but an annual report has not been published.</p> <p>The Head of DAP has prepared such a report, based on examples used at other organisations, for information and for taking forward.</p>



AUDIT & GOVERNANCE COMMITTEE – FORWARD PLAN 2018/19

	Cycle 1	Cycle 2	Cycle 3	Cycle 4	Cycle 5	Cycle 6	Cycle 7	Cycle 8
		12/6/18	24/7/18			20/11/18	19/2/19	
Governance		Waivers and Non-compliance with Procedure Rules					RIPA	
		Annual Governance Statement: final review				Code of Corporate Governance	Draft AGS	
		AGS Review of Evidence	AGS Review of Evidence			AGS Review of Evidence	AGS Review of Evidence	
			Effectiveness of Audit Committee					
Risk Management		Corporate Risk Register	Corporate Risk Register			Corporate Risk Register	Corporate Risk Register	
Internal Audit		Audit Manager's Opinion				Managing the risks of fraud & corruption	Internal Audit Strategy and Plan for 2018/19	
		Progress with Agreed Actions				Progress with Agreed Actions	Progress with Agreed Actions	
		Audit Reports Issued	Audit Reports Issued			Audit Reports Issued	Audit Reports Issued	
Accounts		Draft Accounts	Presentation & Approval of Accounts & AGS			Preparation for the 2019/20 Accounts		
			Report on Going Concern					
External Audit		Update report				Update report	Update report	
			Audit Findings Report			Annual Audit Letter	Annual Certification Letter	
			Letter of Representation				External Audit Plan	

Note: At the end of each meeting, should it be deemed desirable, Members may meet with the External Auditors privately.

Corporate Assurance Risk Register

July 2018

Contents

Section 1 3 Stage Risk Scoring Process

Brief description of the 3 stage risk scoring process and clarification of each stage

Section 2 Risk Matrix

The matrix used for calculating Risk score.

Section 3 Corporate Assurance Risk Register

- Inherent, Current and Target scores

- Controls and Assurances

- Future Actions and comments.

Torridge District Council's Corporate Assurance and Risk Register is a best practice template for recording and managing risks. The Council also promotes the use of Assurance and Risk Registers for managing risks within service areas which are recorded and managed in service and project plans.

The Risk Register is a management tool where a review and updating process identifies, assesses and manages down the risk to acceptable levels. It provides a framework in which problems that may arise and adversely affect the delivery of the Council's aims and priorities are captured and actions instigated to reduce the likelihood and impact of that particular risk.

Section 1 - Three Stage Risk Scoring Process

Torrige District Council operates a 3 Stage Risk Scoring process as outlined in the Council's Risk Management Strategy which is available on the Council intranet site. The information below offers a brief overview of each stage of the Risk process.

Inherent score – the risk scored with no controls, assurances or actions in place.

Current score – the risk scored with controls, assurances and progressed actions.

Target score – the risk score with controls and assurances in place and linked actions completed.

As controls and assurances are put in place and actions completed the Risk will be more controlled and, therefore, the current score moves towards the Target Score.

Section 2 - Risk Matrix

E X A M P L E S OF IMPACT				CORPORATE RISK GRID				
Reputational	Compliance	Financial	Service Provision / Continuity					
<ul style="list-style-type: none"> National publication (name and shame) by external body leading to a loss of control over the running of Council operations Front page of national paper 	<ul style="list-style-type: none"> Facing serious penalties or prosecution & criticism from institutions such as Ombudsman, Info. Commissioner Customers are treated unfairly & suffer damage by the Council 	<ul style="list-style-type: none"> Over £400k loss or additional cost to the Council. 	<ul style="list-style-type: none"> Service delivery affected by over 3 months. Statutory / critical service delivery will cease for a period of time without any effective contingency. 	High	3	6	9	12
<ul style="list-style-type: none"> National or local front-page press article leading to a reduced ability to affectively deliver one or more services. National press article 	<ul style="list-style-type: none"> The Council may face criticism and be ordered to comply with legislation by an external body as a result of a breach 	<ul style="list-style-type: none"> Between £100k-£399k loss or additional cost to the Council 	<ul style="list-style-type: none"> Delivery affected between 1 & 3 months. Loss of a non-critical service for a significant period of time. 	Medium	2	4	6	8
<ul style="list-style-type: none"> Gruntled local groups/ individuals possibly leading to internal complaints with research into the causes Local press article &/or ombudsman enquiry 	<ul style="list-style-type: none"> The Council may commit largely undetectable breaches in legislation Internal procedure breaches that could have other minor effects on reputation, service delivery etc. 	<ul style="list-style-type: none"> Between £10k-£99k loss or additional cost to the Council. 	<ul style="list-style-type: none"> Delivery affected by up to 1 month. Minor disruption or inconvenience to service delivery & customers. (Reduced staffing, late opening, temp loss of IT). 	Low	1	2	3	4
				EXAMPLES OF LIKELIHOOD				
				Low	Medium	High	Very High	
				Less than 10% chance of occurrence Never happened before Circumstance never encountered	10% to 40% chance of occurrence Only likely to happen once every 3 or more years Circumstances rarely encountered	41% to 75% chance of occurrence Likely to happen at some point in the next 3 years Circumstances occasionally encountered	More than 75% chance of occurrence Regular occurrence Circumstances frequently encountered	

Risk Title	1. Balanced Budget									
Stage 1 - Risk without controls (Inherent risk)										
Code	Risk - CAUSE, EVENT, EFFECT	Risk Owner	Risk type	Risk category	Inherent risk score					
CR1	Risk that inability to deliver savings and a balanced budget will result in an in year overspend	Steve Hearse	Strategic	Financial		13xL4 =12				
Stage 2 – Risk with Controls and Assurances (Current risk)										
List of controls and associated assurances to ensure controls are working					Current risk score	12xL1 =2				
<p>1. Control – Budget setting process to identify deliverable savings through budget proposal reports to SMT, Members, Scrutiny Committee, C&R Committee and Council. Assurance – Reports to and minutes of meetings.</p> <p>2. Control – Management oversight of budget monitoring through Quarterly Business Review, Capital Asset Management Working Group, Revenue and Capital Budget Monitoring report. Assurance – QBR Report.</p> <p>3. Control – Leader and Head of Paid Service challenge to Services through SMT. Assurance – Minutes of meetings.</p> <p>4. Control – Head of Paid Service challenge to SMT and OMT. Assurance – Minutes of Team meetings and emails.</p> <p>5. Control – Budget profiling continually reviewed to ensure accurate forecasting and refined in light of actual spend patterns. Assurance – Reports to and minutes of meetings</p> <p>6. Control – Regular monitoring of overall budget and budget savings through Member and officer Governance arrangements, including SMT, Scrutiny, C&R, and Council. Assurance – Minutes of meetings</p> <p>7. Control - Grant Thornton VFM and Financial Resilience exercise carried out annually provides assurance in the report that the Council has robust systems in place and that we are in a strong financial position going forward. Assurance – Grant Thornton</p>										
Stage 3 – Further actions to reduce the risk (Target risk)										
Code	Actions to further mitigate risk / maximise opportunities	Action Owner	Due Date	Comments/update on progress				RAG Status	Target risk score	12xL1 =2
1	The Medium Term Financial Strategy will be reviewed in January / February 2018	Steve Hearse	26 February 2018	Completed – However, the report identified a small £0.4m Budget Gap as at 2022/23. A Member workshop is being scheduled for June / July to consider options to close the gap (New Action). Report required to C&R						
2	Business rates revaluations – to evaluate the impact on TDCs finances and MTFS	Steve Hearse	26 February 2018	Completed – TDCs 2017/18 Financial Statements still reporting growth in Business Rates.						
3	Fair funding review and move to 100% Business Rates Retention	Steve Hearse	31 December 2019	MHCLG work ongoing and unclear as yet the impact either will have on TDC finances. It is for 2020/21 financial year and we maintain a watching brief to ensure evaluate any proposals as they emerge.						
4	Living wage and review of salaries – evaluate the impact	Steve Hearse	26	Completed - Impacts of living wage now built into Budget 2018/19 and MTFS.						

Page 3

			February 2018	Next phase is to incorporate the changes to the pay structure.				
5	Successful implementation of the Waste & Recycling Project	Richard Haste	30 June 2018	Target exceed for number of garden waste subscriptions 11,235 (12 July). With some teething problems the service change is now starting to embed in. – Change to Green - Completed				
6	Member workshop to review MTFS and Capital Programme and report to Members	Steve Hearse	30 Sept 2018	Workshop held on 19 July				
7	Revisit and review Transforming Torridge Programme savings plans once staff relocated to Riverbank House	Steve Hearse	31 Jan 2019					

Risk Title	2. Human Resource						
Stage 1 - Risk without controls (Inherent risk)							
Code	Risk - CAUSE, EVENT, EFFECT	Risk Owner	Risk type	Risk category	Inherent risk score		
CR2	A draft workforce plan has been developed. The Transforming Torridge programme is underway with project plans in place. There are a few remaining temporary arrangements across the Council.	Sarah Ayres	Strategic	Service Provision		13xL2 =6	
Stage 2 – Risk with Controls and Assurances (Current risk)							
List of controls and associated assurances to ensure controls are working					Current risk score	L3xL2 =6	
<p>1. Control –Individual services complete business plans. Temporary staffing arrangements utilised where necessary. Assurance – arrangements approved via GWAF process.</p> <p>2. Control – An outline Workforce Plan has been developed. Vacancy controls will be maintained. Assurance – All vacancies are managed by GWAF process and filling of vacant posts is scrutinised by HRM and HoPS.</p>							
Stage 3 – Further actions to reduce the risk (Target risk)							
Code	Actions to further mitigate risk / maximise opportunities	Action Owner	Due Date	Comments/update on progress	RAG Status	Target risk score	
Page 36	High number of vacancies in Planning service currently covered by agency staff	Sean Kearney / Sarah Ayres	31 March 2018	Completed - Planning team now adequately resourced and moved to business as usual.			
	New Human Resources microsite has been developed and is due to be launched 1 December 2017	Sarah Ayres	31 December 2017	Completed – Microsite went live in May 2018 and now all vacancies advertised on it.			
	Staff resources for Waste & Recycling and new service. High turnover and shortage in some key areas e.g. HGV drivers.	Sarah Ayres/ Richard Haste	N/a	Staff resources continues to be a challenge, but is manageable within the resources budgeted for.			
	The two year pay award (2018/19 & 2019/20) involved changes and amalgamation of a number of spinal points, which impact around 188 staff.	Sarah Ayres	31 March 2019	Work started to model the changes.			

Risk Title	3. Reputation of the Council
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Stage 1 - Risk without controls (Inherent risk)							
Code	Risk - CAUSE, EVENT, EFFECT	Risk Owner	Risk type	Risk category	Inherent risk score		
CR3	Risk that failure to manage and control the Council's actions/activities will result in adverse publicity and significantly damage the reputation of the Council.	Jamie Hollis	Strategic	Reputation		13xL4 =12	

Stage 2 – Risk with Controls and Assurances (Current risk)							
List of controls and associated assurances to ensure controls are working					Current risk score	13xL1 =3	
<p>1. Control – Progress with business plans is monitored via quarterly business reviews (QBR) and key performance indicators (KPI). Assurance – QBR's and KPI's reported to SMT and Committees who challenge as appropriate.</p> <p>2. Control – Properly functioning committees and working groups. Assurance – Constitution and minutes of meetings</p> <p>3. Control – Monitoring of all Freedom of Information requests Democratic Services and Communications to assess and anticipate appropriate response. Assurance – Minutes of meetings</p> <p>4. Control – Monitoring and reporting of Complaints. Assurance – Ensure learning points and highlight areas of concern. Emails to managers and regular reporting of stats to members via bulletin.</p> <p>5. Control – Monitoring Officer and Standards Committee oversee Cllr behaviour Assurance – Minutes of meetings and monitoring officer reports</p> <p>6. Control – Monitoring information about the Council in the local media. Assurance – Formal responses to press enquiries including quotations from Councillors. Proactive placing of positive news stories.</p> <p>7. Control – Property Team oversea major decisions and major projects. Assurance – Officers are responsible for carrying out due diligence and for checking that this has taken place.</p>							

Stage 3 – Further actions to reduce the risk (Target risk)							
Code	Actions to further mitigate risk / maximise opportunities	Action Owner	Due Date	Comments/update on progress	RAG Status	Target risk score	13xL1 =3
1	Port and Harbour Safety Code	Sean Kearney	Revised date 30 September 2018	Harbour master has reviewed the existing code and now needs to be updated.			
2	New GDPR coming into force 25 May 2018 with wide ranging impacts on data protection legislation and requirements	Jamie Hollis	31 March 2018	New regulations now in place from 25 May 2018. TDC been working with Devon Audit Partnership to implement the change. Some areas still outstanding and waiting software companies to release upgrade to manage data deletion where necessary, etc.			
3	New Waste and Recycling Service being implemented with effect from 4 June 2018 affecting every household	Richard Haste	30 June 2018	New service now implemented some teething problems as expected, but others such as significant upsurge in recycling being managed - Completed			

Risk Title	4. Business Continuity						
Stage 1 - Risk without controls (Inherent risk)							
Code	Risk - CAUSE, EVENT, EFFECT	Risk Owner	Risk type	Risk category	Inherent risk score		
CR4	Risk that following an unforeseen event the Council's business continuity processes are not robust enough to enable provision of key services in an emergency.	Jon Walter	Strategic	Business Continuity	I3xL4 =12		
Stage 2 - Risk with Controls and Assurances (Current risk)							
List of controls and associated assurances to ensure controls are working					Current risk score	I2xL2 =4	
<p>1. Control – Corporate Business Continuity Plan. Assurance – Corporate Business Continuity Plan</p> <p>2. Control – Service Business Continuity Plans monitored by SMT. Assurance – Update reports to SMT.</p> <p>3. Control – Identification and prioritisation of Corporate ICT systems for recovery as part of Business Continuity Plan (under review). Assurance – Reviewed annually by SMT. Monthly monitoring by ICT and by Emergency Planning.</p> <p>4. Control – ICT System processes and skills in place to re-establish key systems. Assurance – Processes being documented for review and testing</p> <p>5. Control – External and independent review / audit of Cyber Security. Assurance – Reported to SMT to implement appropriate actions where necessary and Audit & Governance Committee.</p>							
Stage 3 - Further actions to reduce the risk (Target risk)							
Code	Actions to further mitigate risk / maximise opportunities	Action Owner	Due Date	Comments/update on progress	RAG Status	Target risk score	
1	Zurich to undertake a Business Continuity review and report	Jon Walter	28 February 2017 – revised 31 March 2018	Completed – report produced and workshop held with SMT / OMT to formulate the “Business Impact Analysis” for TDC, which will guide the overarching BC strategy document.		I2xL1 =2	
2	Arrangements for telephony and disaster recovery at Caddstown	Steve Hearse	31 July 2017 - revised	Reviewed of existing infrastructure completed for scope of project. Upgrade required before can update and will commence following the completion of the upgrade to the Corporate telephony system.			
NEW 3	Development of Corporate Business Continuity Strategy, which will form the basis of our business needs infrastructure e.g. telephony, IT and physical office space.	Jon Walter	30 September 2018	The output from the workshop identified the key critical services that need to be mobilised in priority order. The next stage is to determine the enabling requirements needs to put this in place should an event occur.			
NEW 4	Upon completion of the strategy and putting in place the requirements to deliver it in the event of an incident testing needs	Jon Walter	30 November 2018				

Risk Title	5. Civil Emergencies						
Stage 1 - Risk without controls (Inherent risk)							
Code	Risk - CAUSE, EVENT, EFFECT	Risk Owner	Risk type	Risk category	Inherent risk score		
CR5	Risk that following an unforeseen event the council cannot respond to an emergency and fulfil its statutory duties under the Civil Contingencies Act 2004. Putting the public at risk and damage to the Authorities reputation.	Richard Haste	Strategic	Compliance Reputation	13xL3 =9		
Stage 2 - Risk with Controls and Assurances (Current risk)							
List of controls and associated assurances to ensure controls are working					Current risk score	12xL2 =4	
<p>1. Control – Corporate Emergency Plan and specific plans in place. Assurance – Emergency Plans</p> <p>2. Control – Members of OMT and SMT trained to respond to an emergency. Assurance – Training provided</p> <p>3. Control – Member of the Local Resilience Forum. Multi agency group responsible for ensuring Category 1 duties are fulfilled Assurance – Attendance by Waste and Recycling Manager at regular multi agency meetings</p> <p>4. Control – Out of hour's standby service operating 24/7. Assurance – Trained officers duty rota</p> <p>5. Control – Member of the Northern Devon Responders Forum and Blue Light Forum, when local incidents are discussed and planned for. Assurance – Attendance by Waste and Recycling Manager on a quarterly basis</p>							
Stage 3 - Further actions to reduce the risk (Target risk)							
Code	Actions to further mitigate risk / maximise opportunities	Action Owner	Due Date	Comments/update on progress	RAG Status	Target risk score	
1	Training for Members on emergency planning and dealing with emergencies	Richard Haste	30 June 2019	This will be included in the Members training for the new Council.		12xL1 =2	
2	Refresher training for OMT / SMT on roles of silver officers	Richard Haste	30 November 2018	JW / AR to be given full training and OMT refresher – this has been completed. Refresher training still outstanding. JW / AR training taken place.			

Risk Title	6. Safeguarding children and vulnerable adults						
Stage 1 - Risk without controls (Inherent risk)							
Code	Risk - CAUSE, EVENT, EFFECT	Risk Owner	Risk type	Risk category	Inherent risk score		
CR6	Officers and members of the Authority may not identify and report to the MASH any vulnerable adults or children that are at risk of abuse as required by the Children's Act. Putting individuals at risk, damage to the Council's reputation and possible financial/legal implications (eg. Baby Peter case)	Steve Hearse	Strategic	Compliance Financial Reputation	13xL4 =12		
Stage 2 - Risk with Controls and Assurances (Current risk)							
List of controls and associated assurances to ensure controls are working					Current risk score	13xL2 =6	
<p>1. Control – A Safeguarding Policy has been approved. Assurance – Approved by Full Council.</p> <p>2. Control – There is Council representation at Multi Agency Safeguarding and Harm meetings. Assurance – Meeting minutes.</p> <p>3. Control – Training has and will take place for Safeguarding Officers. Assurance – Attendance list.</p> <p>4. Control – A Lead Safeguarding Officer and deputy have been appointed. A Safeguarding Group has been established. Assurance – Lead Safeguarding Officer and Deputy positions have been filled by the Strategic Manager (Resources) and the Customer Support Manager. Group includes the HRM and Senior Solicitor to cover Members and Staff</p> <p>5. Control – 2014-15 s11 Return submitted. Demonstrated compliance with requirements Assurance – Return completed.</p> <p>6. Control – Attendance of Devon wide leads meeting by either Head or Deputy</p>							
Stage 3 - Further actions to reduce the risk (Target risk)							
Code	Actions to further mitigate risk / maximise opportunities	Action Owner	Due Date	Comments/update on progress	RAG Status	Target risk score	13xL1 =3
1	Additional training on suicide / prevent agenda	Steve Hearse	31 December 2016	Completed.			
NEW2	's11 Audit and report required for 2018. New format	Steve Hearse	31 December 2018	Workshop to be held 6 September 2018			

Risk Title	7. Corporate Manslaughter
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Stage 1 - Risk without controls (Inherent risk)							
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Code	Risk - CAUSE, EVENT, EFFECT	Risk Owner	Risk type	Risk category	Inherent risk score		
CR7	Risk that a fatality occurs and the council are found to have failed to ensure the safety of staff and/or public resulting in the Council being charged with Corporate Manslaughter. This will result in financial/legal implications (prosecution and unlimited fines). If a prohibition notice is issued it will stop Council activities until non-compliance has been rectified. Adverse publicity will cause damage to reputation of the Council. Senior Officers may also be subject to fines and imprisonment	Head of Paid Service/SMT	Strategic	Compliance Financial Performance Reputation	13xL4 =12		

Stage 2 - Risk with Controls and Assurances (Current risk)							
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List of controls and associated assurances to ensure controls are working							
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Page 42	<p>1. Control –The Council has in place health and safety policies and procedures which are reviewed and updated as necessary by the Corporate H&S Advisor. Assurance – Available to view on council intranet site; Corporate Health and Safety Policy last reviewed July 2014. Policies are reviewed as a minimum every 3 years. They were last updated April 2012.</p>					Current risk score	13xL2 =6	
	<p>2. Control – All services have risk assessments in place. Specific risk assessments for high risk areas such as asbestos and legionella. Assurance – Service managers responsible for undertaking and maintaining risk assessments in their own areas. Audits by Corporate H&S Advisor.</p>							
	<p>3. Control – All Council Buildings and Public areas are subject to programmed and reactive maintenance. Risk assessments, inspections and audits undertaken. Assurance – Budget managed by Property Services, Records maintained.</p>							
	<p>4. Control – All fleet vehicles are subject to routine servicing, maintenance and MOT as necessary. Assurance – Maintenance and servicing records, vehicle defect reports and subsequent actions recorded.</p>							

Stage 3 - Further actions to reduce the risk (Target risk)							
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Code	Actions to further mitigate risk / maximise opportunities	Action Owner	Due Date	Comments/update on progress	RAG Status	Target risk score		
						13xL1 =3		
1	All H&S assessments need to be updated following training	Janet Williams	Revised Date - 31 March 2019	Revised action date of 30 June 2017. Progressing but not complete as of November 17. Works continuing in this area.				
2	Organise training for SMT	Janet Williams	Revised Date – 30 September 2018	Training provider/ course found, to progress by end of year.				

NEW 3	Internal Audit report on H&S identified resource implications within meaning that some H&S work not progressing.	Janet Williams	24 July 2018	Janet to report to Audit and Governance Committee on actions taken to address this "red" issue				
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