



Summary of Internal Audit Reports Issued to Date

REPORT OF **DAP Audit Partnership**
To: **Audit & Governance Committee**
Subject: **Audit Reports Issued to Date**
Date: **25 October 2022**

PURPOSE OF REPORT: To provide a summary of the internal audit reports issued since the last Audit and Governance Committee to enable members to discuss any matters they wish to raise. In addition, we present the DAP Charter and Strategy.

1. INTRODUCTION

The Audit & Governance Committee have requested a regular summary of internal audit reports issued. This is to provide an opportunity for discussion and to raise queries related to the reports.

As members receive a full copy of the internal audit report upon release, they are encouraged to raise any significant concerns they may have with the Auditor at that time. This summary report gives an added opportunity for Members as a group to discuss related matters.

This report includes all final internal audit reports issued to date that have not been previously reported to the Committee.

We also include as an attachment, the DAP Internal Audit Charter and Strategy. It is a requirement under Public Sector Internal Audit Standards for this to be in place.

2. REPORT

A summary of final reports issued to date and not included in previous committee reports is included at **Appendix A**.

There are two audit reports to note:

- Northam Burrows.
- Council Tax

We also provide an update on our work with Active Torridge to confirm appropriate controls are in place.

3. IMPLICATIONS

Legal Implications
None.

Financial Implications
None.

Human Resources Implications



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None.

Sustainability Implications

None.

Equality/Diversity

None.

Risk Management

The Risk Based Internal Audit Plan is designed to provide robust coverage of the key risks faced by the Council each year. It is developed in consultation with management and approved by members.

Each internal audit report provides the following key information:

Assurance level – providing an overall opinion on the audit area.

Action plan – including audit recommendations (where applicable) and management responses.

Reported issues are assigned a priority rating of high, medium, or low, based on the perceived impact and likelihood as established within the corporate risk matrix.

The report may also include ‘opportunity’ findings, which are suggested courses of action perceived to add value and included for consideration.

Low priority or housekeeping matters are reported separately to operational management during the draft audit stage.

Reporting of progress to implement internal audit actions to the Audit & Governance Committee is the responsibility of the Finance Director / S151.

Compliance with Policies and Strategies

This report complies with the Audit Committee terms of reference and the Audit Procedures Manual.

Ward Member and Leader Member Views

Councillor Philip Hackett, Chair of Audit & Governance, commented “*The Internal Audits Reports contribute to the Council’s robust governance arrangements.*”

4. CONCLUSIONS

The following is a summary of the four assurance levels currently used, along with the audits that have been awarded each level:

Opinion	Audit
Substantial Assurance ‘A sound system of Governance’	
Reasonable Assurance ‘Some scope for improvement’	Northam Burrows Council Tax
Limited Assurance ‘Improvement is required’	NA
No Assurance ‘Immediate action required’	NA

5. RECOMMENDATIONS

Committee are asked to: Note the reports issued in this reporting period and raise any queries, suggestions or proposals relating to the internal audits in this report. It is also asked to note the Audit Charter and Strategy.

SUPPORTING INFORMATION

Consultations:	Steve Hearse, Chief Executive Officer Staci Dorey, Head of Legal and Governance and Monitoring Officer Councillor Philip Hackett, Audit and Governance Committee Chair
Contact Officer:	David Heyes, Finance Manager & S151 Officer Robert Hutchins – Head of Devon Audit Partnership Paul Middlemass – DAP Audit Manager
Background Papers:	Audit files

Overview of Reports Issued not previously reported to Committee

Northam Burrows

Overall Assurance Level – Reasonable

No of management actions made / agreed: Two Medium

Summary

Visitor numbers to Northam Burrows have risen significantly due to the Covid-19 pandemic and the various restrictions imposed on the public. Over 8,600 visitors accessed the new Visitors Centre which opened part way through 2021. These visitor numbers have led to significant increases in income generated through the sale of daily and season tickets. Whether visitor levels remain at these levels following the end of Covid-19 restrictions is difficult to forecast. Certain 2022/23 income budget lines have however been increased to reflect income levels attained in 2021/22. The current forecast is for a budget surplus of £79k for 2022/23.

It appears that the Northam Burrows Country Park Management Plan was last revised / issued in 2013. Work is needed to develop the draft management plan to provide strategic direction on the park, particularly related to the environment and biodiversity.

Paragraph 4.3.1 of the Management Plan states, *'to implement proposals as desired, efforts should be made to secure the maximum income possible, whilst taking into consideration other management constraints and the overall Aim of the Plan'*. Review of the Northam Burrow charges as part of 2023/24 budget process, including those which have been static for several years, may help balance the increase in visitor numbers against the environmental impact that results.

With the new facilities and increases in visitor numbers a Health & Safety inspection is long overdue and should be undertaken at the earliest opportunity. Appropriate controls exist over the collection of charges, and sundry debtor accounts are raised promptly for income due from the Royal North Devon Golf Club, the Pebbleridge Kitchen and two concessions.

Council Tax

Overall Assurance Level – Reasonable

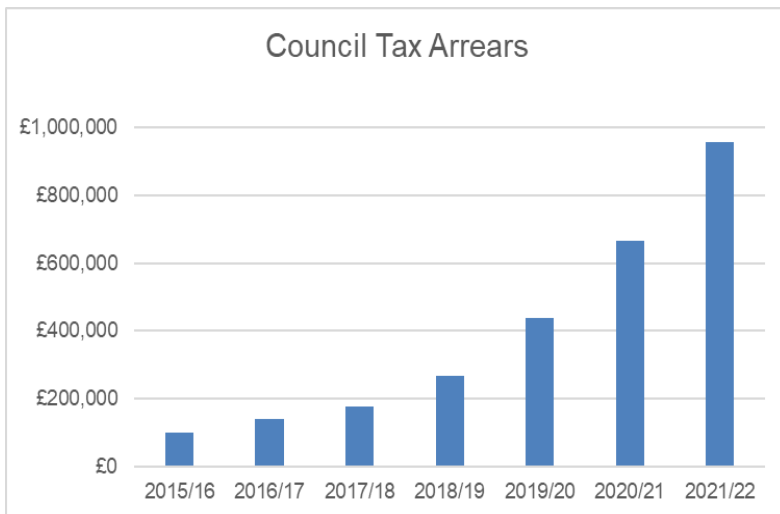
No of management actions made / agreed: One Medium, two Low.

Summary

We found processes to be effective and timely; discounts and exemptions were accurately applied; valuation agency office changes were timely. Separation of duties were in place for refunds and write offs with authorisation in line with policy. System access to make changes to parameters are adequately restricted. Considering the challenges faced by the team, including the pandemic and facilitating grants and the energy rebate scheme, staff vacancies and training new staff, the service they have continued to provide has been commendable. Despite these challenges, collection rates have been very good; 2021/22 is 97.55% which is a very good rate of collection. This compares well with collection rates prior to the pandemic (2020/21 - 97.33% and 2019/20 - 97.80%).

However, the reduced emphasis and resources on chasing due council tax has reflected in increased level of arrears, which has escalated in the last few years:

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The total accumulated debt for the period 2015/16 to current year is £2,750,143

There is also debt outstanding from 2015/16 which the team does not have time to review.

The Medium Recommendation in the report related to the council focusing on reducing the amount of historic debt.

Grant Certifications:

We checked and provided certification for the following grant:

Getting Building Fund – Northern Biosphere (related to £172,776 received via Somerset County Council)

Active Torridge

We issued a final report on Active Torridge on 12 October 2022. It provides assurance and recommendations on the areas below. We understand Active Torridge may decide to submit the report to council via the External Overview and Scrutiny Committee or other body.

- Budget setting and budgetary control.
- Main Accounting System.
- Creditors.
- Safeguarding.
- Facilities Maintenance.
- Health and Safety.
- Training and Qualifications.
- Data Protection.
- Information Systems and Security.
- Contract Management and Monitoring (mainly related to the primary contractor: Active Nation)