



Summary of Internal Audit Reports Issued to Date

REPORT OF DAP Audit Partnership
To: Audit & Governance Committee
Subject: Audit Reports Issued to Date
Date: 2 April 2024

PURPOSE OF REPORT: To summarise the internal audit reports issued since the last Audit and Governance Committee for member discussion.

1. INTRODUCTION

The Audit & Governance Committee receives a regular summary of internal audit reports. 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.

2. REPORT

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

There are seven audit reports to note:

- Procurement
- Community Safety Partnership.
- Council Tax
- NNDR
- Section 106
- Risk Management
- Freedom of Information

3. IMPLICATIONS

Legal Implications

None.

Financial Implications

None.

Human Resources Implications

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. The plan for 2024/25 is being submitted at this meeting.

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’	Community Safety Partnership Section 106 (Planning Obligations) Risk Management
Reasonable Assurance ‘Some scope for improvement’	Procurement Freedom of Information Council Tax Non-Domestic Rates
Limited Assurance ‘Improvement is required’	None
No Assurance ‘Immediate action required’	None



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5. RECOMMENDATIONS

The Committee is 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.

SUPPORTING INFORMATION

Consultations:	Reports were agreed with: Procurement – Sean Kearney (Head of Communities and Place) Community Safety Partnership – Phil Gilbert (Public Health and Community Safety Manager) Council Tax: Jo Wells (Revenues and Benefits Manager) NNDR: Jo Wells (Revenues and Benefits Manager) Section 106: Helen Smith (Planning Manager) Risk Management: Gordon Bryant (Finance Manager & S151 officer) Freedom of Information – Tom Vanstone (Senior Electoral & Democratic Services Officer)
Contact Officer:	Gordon Bryant, Finance Manager & S151 Officer. Tony Rose – Head of Devon Audit Partnership. Paul Middlemass – DAP Audit Manager.
Background Papers:	Audit Reports issued to members.



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Appendix A

Summary of Reports not previously reported to Committee.

Procurement

Overall Assurance Level – REASONABLE ASSURANCE

No of management actions agreed: 3 Medium, 1 Low Priority.

Summary

The council places a high priority in ensuring value for money and conformance to good practice. Sustained effort over several years by the Procurement Officer and colleagues has put the council in a good position. Improvements since our last audit include a dedicated Contract Manager in the Projects and Property Management area, and the transition of some officers from procurement cards to fuel cards.

The Procurement Officer has extensive knowledge and is CIPS qualified. Additional support is provided by an arrangement with Exeter Council. The procurement officer is focused on implementation of the Procurement Act and the changes required to policies and procedures. Management should continue to ensure that she has given time to undertake this preparatory work as the Procurement Act is a significant change to regulations and processes.

The council participates in the Devon Districts Procurement group, which has recently issued a new Procurement Strategy detailing core procurement priorities. It has recently agreed a new Social Value Policy which will require suppliers to state how they will contribute or add value to important local benefits such as biodiversity or local jobs. Further work is necessary to obtain a better understanding of the procurement position and how it intends to address the priorities in the Procurement Strategy.

There are detailed regulations in the Constitution, and other supporting guidance for the procurement area. A contract register is provided on the council website which confirms to the government's requirement for open data as part of the Local Government Transparency Code of 2015.

The council places most of its contracts using framework agreements (26 out of 47 current contracts worth £2m). These are considered to provide good value for money and an efficient use of procurement resource as purchases can be made without repeating all stages of a full competitive tender process. For other procurements, Procontract is used as the portal to advertise and seek tenders from interested suppliers which ensure opportunities are open to all interested companies.

A small number of waivers are agreed every year by the S151 officer (six so far in 2023/24) and are subject to retrospective annual review by Audit and Governance Committee. The procurement officer is now included in the process to agree waivers to provide additional expert challenge.

There is brief guidance related to Contract Management in the Constitution - Appendix 2 of Contract Procedure Rules. The overall requirement was that "Contract managers must follow best practice in the area of supplier relationship and contract management". The Major Projects team currently manages most of the significant contracts placed by the council. They follow project management methodology with performance reporting and risk registers for each project. Project performance and risk from these projects are subsequently escalated up to Senior Leadership for review.

Good arrangements were also being applied by the new PPM contracts officer with regular meetings with key suppliers to discuss performance and concerns. She also scrutinises the supplier invoices. That said, risk registers were not kept for those contracts which was another requirement in the rules. We also note the requirement in the finance regulations for contract managers to check that suppliers hold current insurance; this was not referred to in the Contract Management guidance. The limited guidance on contract management means there is a risk that smaller contracts may not be effectively managed. With more detail on what is best practice for contract management, we suggest that the council identify its primary strategic contracts to help it prioritise effective contract management.



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Community Safety Partnership

Overall Assurance Level – SUBSTANTIAL ASSURANCE

No of management actions agreed: 2 Medium, 2 Low Priority.

Summary

The North Devon and Torrige councils are active partners of the CSP, committing resource and effort to address anti-crime and anti-social behaviour issues in the area.

Annually, Safer Devon produces a Strategic Assessment to coordinate the activities of the CSPs across Devon, in turn the CSPs consult with their communities to direct their approach. We were not able to identify a formal Plan detailing the activities for the CSP to support, with the risk that priorities are unclear, and actions not mapped out. For instance, and the priorities detailed on the Safer Devon Website page for the CSP varied to another supplied document. That said, we noted a spreadsheet “CSP North Devon and Torrige Tracker 2023 –2024” is used by the CSP to prioritise actions. This has a RAG (Red, Amber, Green) rating to focus activity to improve community safety, so it is evident the CSP tracks actions to consult with residents, listens to their needs, and respond.

The CSP meets quarterly, with a full partner meeting of the CSP being held annually to review performance and priorities. For five years, the Chair of the CSP has been a Police Superintendent. This role is soon to be handed to representatives of North Devon and Torrige District Council who will jointly chair the partnership. This accords with the original concept of CSPs to encourage local community control and involvement of elected members being involved. A review of meeting minutes show that the key partners, and elected members from both partner authorities attend and discuss progress of their activities and objectives. The Chair stated that members have raised issues that sit outside of CSP responsibility, which suggests that their understanding could be improved through bite sized training.

There are strong working relationships within the partnership, and importantly between Torrige District Council and North Devon District Council, and for both notably with the Police. Police officers work frequently and regularly from council premises. This promotes good working relationship and open dialogue and has recently enabled an emerging matter to be dealt with promptly. The partnership approach is evident, the outgoing police Chair told us that the partnership is excellent, but it was frustrating to him to see some Torrige and North Devon council roles and activities duplicated (including two CCTV control rooms). There is an opportunity to review the roles and to introduce collaborative working to streamline the activities.

There is frequent engagement between the Public Health and Community Safety manager, and the Councillor holding the Portfolio for the CSP. There is also sound engagement with the community as evidenced through the planned establishment of a Hub at Jubilee Square in Bideford, which is expected to open soon, and will facilitate joint patrols by the police, shopkeepers, and street marshals. Some of the patrols are scheduled and others incorporated into other duties. There is an opportunity for a policy to be written which will ensure good practices are continued in the future.

The enthusiasm and commitment of the team is apparent. One team member has vast experience of working with the police which is invaluable to the role. The Community Safety manager is also very experienced. There is a program of training underway for other less experienced team members.

The council has recently invested in an Anti-Social Behaviour (ASB) module for their computer system to improve recording of incidents and to improve efficiency with police. It is part of a drive to improve on efficiency as presently they rely on data from meetings between individuals to consolidate data.

The good work conducted by the CSP does not seem to receive the attention it deserves on social media, or on official council websites. The council is therefore missing an opportunity to reassure and inform the public that their safety is being considered.



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The budget for the work is from Environmental Protection. This allows three full time Neighbourhood Officers at approximately 50% of capacity and one full time Community Safety and Public Health Officer at 100%. In addition, there are two full time CCTV Operatives who monitor CCTV footage and actively help police. With a greater budget they could achieve more but they are adopting a pragmatic approach with a sustainable build of the team, whilst working testing cases for legislation.

Council Tax

Overall Assurance Level – REASONABLE ASSURANCE

No of management actions agreed: 2 Medium Priority.

Summary

Our review found sound controls in place. The council tax increase was formally approved by members. Annual billing was carried out in good time before the start of the financial year. Valuation office database updates are promptly carried out. Reconciliations are carried out daily/monthly. There is separation of duties in the refunds and write offs process, and discounts and exemptions are promptly applied. Cases identified by the National Fraud Intelligence (NFI) have been investigated and has resulted in cost savings. Privacy notices are in place, staff are asked to undertake the data protection training. Our recommendations relate to review and write off of old debt, and data cleanse of personal data. We also highlight the significant risk faced by the council related to the current staffing shortage which inevitably creates significant pressure and stress for team members.

The council tax team has found it difficult to replace staff since Covid-19. They are currently under resourced which restricts the team's capacity in fulfilling all their duties at times. There have been times when recovery has not been possible through this financial year due to staff resource. In August 2023 they adjourned the summonsed accounts Court Hearing from August to September, and the August recovery run was cancelled. Recovery has continued as normal from September 2023 onwards.

Inevitably with the reduced resource, overall debt from unpaid tax has increased over the last year. For the period 2001/2002 to 2015/16, total accumulated debt is £240,732.08. Total debt has increased by £1,128,859.73 over a year: total debt was £9,512,399.47 on 31 Dec 22 compared to £10,641,259.20 on 31 Dec 23. Although debt has risen, collection rates continue to be high. The 2022/23 collection figure is 97.39 which is consistent with the last couple of years. The collection figure for 2023/24 as of 30 September 2023 was 55.42%. This is slightly below last year's collection figure at end Sept 2022 of 60.57% but is higher than the year-to-date target which is 49.28%.

The team is very diligent at applying and monitoring discounts and exemptions on accounts. The property database is well maintained with valuation office notifications of new, deletions and amendments being promptly applied to Academy. There is separation of duties for write offs and refunds, they are signed off in accordance with policy and they are promptly processed. Reconciliations are carried out daily and/or monthly by the System Admin Team.

It is considered that the team is managing incredibly well despite the reduced resource. Being under resourced results in the team being unable to provide the extra monitoring and collection required keep debt from increasing. An action plan to aid debt collection and address the increasing debt is vital. The reality of how this can be achieved whilst currently under resourced is a big challenge.

There is a designated officer who sends data to NFI and reviews the identified data matches. The 2022/23 review resulted in 251 matches. 37 letters were sent out; the outcome was a saving of £12,323.50 over 21 accounts.



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Non-Domestic Rates (NNDR)

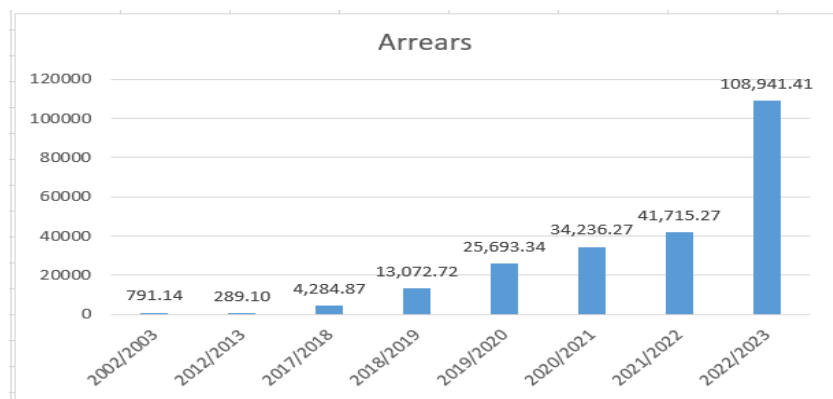
Overall Assurance Level – REASONABLE ASSURANCE

No of management actions agreed: 3 Low priority.

Summary

The NNDR team appears to be performing well; collection rates have recovered since the Covid period and remain high at 98.66%. The application of discounts and reliefs have been accurately applied for the sample we reviewed. Valuation office agency changes were timely with accurate reconciliation. There is a discrepancy which has been caused by the recent implementation of the 2023 valuation listing, this is being monitored and does not cause an impact to the database. Raising of bills is timely and there is a good process for reconciling the Academy system to the main accounting system. Access for staff who can make changes to system parameters is appropriately restricted and users are monitored.

The level of arrears has reduced since last year (from £321k to £229k). Recovery and writes off action reduced during Covid to undertake other activity such as grant management. We agreed a management action in our last audit report to review and write off old debts. Write offs for 2022/23 totalled £321,664; this will have contributed to the debt reduction.



The graph shows the amount of arrears outstanding for each year. As of 21 December 2023, the total cumulative debt for 1 April 2002 – 31 March 2023 is £229,024.12.

Debt has reduced since last year; this was £321,664 as of 31 March 2022.

Collection rates for 2022/23 were 98.66% which is very good. As of 31 October 2023, collection rates for 2023/24 were 69.21% against a profile figure of 67.74% so collection this year appears to be slightly better than expected at this point in the year. A recommendation with regards to debt has not been made due to the reduction in debt and the good collection rates.

Section 106 (Planning Obligations)

Overall Assurance Level – SUBSTANTIAL ASSURANCE

There were no management actions.

Summary

Our Substantial Assurance opinion is based upon testing of a sample of s106 agreements against the relevant details held upon the DCM module with regard contribution description and amounts owed, the invoicing and subsequent payment of amounts due. There is only one historic S106 invoice outstanding where the debt is being pursued. There was a systematic process to seek grant applications, to assess them, and subsequently issue monies to community projects, with an increase in the last two years.

During summer 2023 a temporary member of staff was employed to undertake an exercise bringing all s106 records up to date. This work has made things much easier to manage. The debtor invoices raised, and payments received are recorded upon financial systems with a monthly reconciliation performed between the Excel spreadsheet s106 records held and the financial ledger. Members are periodically informed through their 'bulletin' of the position of individual planning references, the parish /ward, the applicable s106 category, and the 'original / remaining' £ balance thereon.

Using s106 monies received Torrridge DC seek s106 grant applications from interested parties; town / parish councils, community organisations, and sports clubs. A small group of officers consisting of the Planning Manager, Planning Support Team Leader and the Community Project Officer meet to discuss allocating s106 monies obtained against completed s106 grant application submissions received from councils, community organisations, and sports clubs within Torrridge. The Community Project Officer proactively works together with the town / parish, community organisations on a 'master plan' for that community leading to submission of eligible projects, s106 grant funding then being obtained for successful applications. Subsequent achievement and completion of eligible projects funded with s106 monies providing benefits to the communities within Torrridge.

Member involvement takes place at many levels and at various stages within the process: schemes where a S106 is required sees the Planning Officer liaising with the respective ward and parish councillors with direct discussion taking place; the Members Bulletin is updated on receipt of S106 monies and when funds are allocated through the grant application process. Community & Resources Committee involvement occurs if there is contentious member disagreement regarding an application; ward councillors having previously been consulted. The Planning Manager is undertaking visits to each parish / town council to give them with insight into planning and the processes. The Planning Manager intends to report periodically to Community & Resources Committee summarising work undertaken, s106 monies collected and disbursement of monies upon agreed projects which have had funds allocated to them. Members will also be informed of scenarios where if monies are not allocated and spent by specific dates then monies will need to be returned to the developer.

The Community Infrastructure Levy (Amendment) (England) (No 2) Regulations 2019 introduced the requirement for local planning authorities to publish an Infrastructure Funding Statement (IFS). IFSs for the last four financial years are available on the Torrridge DC website.

The Economic Development Team's Community Project Officer confirmed things are currently working well with projects being actioned, monies going out from the council and communities benefitting. An increase in spend in the last two financial years is confirmed in the table below.

In discussion with the Planning Manager, we were informed that due to developments previously agreed now starting to commence and others coming to fruition unallocated sums of S106 monies were likely to increase further. Officers are confident these monies can be spent without the need to return monies back at the end of the appropriate time periods.

Risk Management

Overall Assurance Level – SUBSTANTIAL ASSURANCE

No of management actions agreed: one Low Priority.

Summary

Since the appointment of the new Section 151 Officer in July 2023, weaknesses identified in our previous audit report have been addressed. This has resulted in a Substantial Assurance Opinion. We have restated one Low recommendation related to systematic management of Opportunities to ensure that council is effectively taking advantage of them.

The Risk Management Group (RMG) now has regular meetings, to update and review the risk register, and that senior management are subsequently briefed on changes. Risk management training was provided by DAP, but it was delivered only to members. Council officers would also



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benefit from receiving the training. Consideration is being given as to how it can be incorporated into the schedule.

Two RMG meetings have taken place since arrival of the S151 officer, and there is a drive for the meetings to be held on a strict quarterly basis. There is an appetite to identify and discuss emerging risks and assess how existing risks may evolve. The recently updated Corporate Risk Register (CRR), which now includes Cyber risk, is being delivered to members in January 2024. We have reviewed the Register and consider it includes similar risks reported by other local councils. It also includes relevant Project risk; we note that risk related to the new Maritime Innovation Centre is included on the register which is appropriate given the size of the project. .

The Corporate Risk Register is a standing item for Risk Management Group meetings which are held quarterly. Previously, changes to the register were raised with council senior management in mid-year reviews, consideration is being given as to how the review frequency can be improved. A new strategic plan has recently been agreed; we have not reviewed linkage of the plan to the CRR as it was only recently agreed.

Our previous report recommended identification of risks related to the significant partnerships of the council. At that time, management told us that the council did not have any significant partnerships apart from leisure as most services were delivered in house. The new S151 officer has revisited this area and considers that there are several key partnerships. He has confirmed that partnership risk is considered for inclusion in the corporate risk register.

The annual staff survey of 2022 was used as an opportunity to identify opportunities, but no significant suggestions were made. The S151 officer has identified several significant opportunities; these have been presented to management. We have included a Low priority recommendation in this report to embed opportunity management into the Risk Management Strategy, and processes to ensure they are taken considered and progressed as effectively as possible.

We consider the new S151 officer has brought positive momentum to the RMG, but due to the short time since his arrival it would be prudent to conduct a further audit of risk management in late 2024. Audit days have been included in the plan for next year.

Freedom of Information

Overall Assurance Level – REASONABLE ASSURANCE

No of management actions agreed: 3 Medium, 1 Low Priority.

Summary

The council has good arrangements to comply with Freedom of Information (FOI) and Subject Access Requests (SAR). The council receives many FOI requests (approx. 600 a year) and responded to the vast majority within the required timescales. It receives significantly fewer SAR requests approx. 12 a year. A full database is held of all requests which has a good level of detail although we have suggested improvements and identified the need for quality data checks. A small number of requests are refused due to Exemptions (approx. 50 a year). The exemptions applied looked appropriate to us when we reviewed a sample. The council has only had one appeal to the ICO which was some years ago which ruled in favour of the council. In respect to the Transparency Regulations, the council publishes some information but does not publish all the required information. Some councils provide a specific intranet page listing the Open Data information issued by the council which may be helpful for Torridge council to consider.

A specific part time officer is responsible as the FOI officer for managing the process and is helped by the Senior Electoral & Democratic Services Officer. It is intended to recruit an apprentice into the Democratic Services team to provide additional support when needed to deal with requests. Creation of an FOI Policy, and procedure notes would further improve resilience to support the activity. The two officers have good knowledge and have received appropriate training to understand the requirements

to meet FOI and SAR requests. Training and awareness events have also been provided to officers across the council to ensure they understand they respond quickly and accurately to information requests.

There is a section of the external website on Freedom of Information explaining how individuals can submit FOI and SAR requests accompanied by an online form to make the request. Subsequent FOI requests are well monitored and are recorded into a secure Access database when received for management and analysis. Requests are then farmed out to the relevant service areas to address. The required time to respond to FOI requests is recorded on the database and tracked to ensure the 20-day timescale is met. We identified some improvements to the database would be beneficial and that periodic review of the data would help identify inaccurate or incomplete data. The council received 1,675 requests over the period Jan 22 to Feb 24, roughly two requests every day. Of those about 270 requests were denied as the information was not held or held elsewhere. 116 requests had Exemptions applied to them. We reviewed a few of them and confirm that the exemption appeared reasonable. The council has not analysed the requests received; this would be beneficial to identify if it can proactively publish information and negate the need for the request. We note that there is a section for previous FOI requests, but no information is provided in that webpage.

On receipt by the FOI team, the request is then passed to a specific service officer to compile the subsequent response to the requestor. "Full" responses were provided for 1250 response and "In part" for 30 responses. Review of the different requests indicates the very large and disparate requests for information submitted across all council operations.

The council publishes data in several areas such as procurement data on transactions over £500. That said, it does not publish all the required data listed in the regulation. It may be beneficial to create a central web page with links to all the data sets provided.