

NORTH DEVON COUNCIL

Minutes of a meeting of Governance Committee held at Barum Room - Brynsworthy on Tuesday, 16th November, 2021 at 6.30 pm

PRESENT: Members:

Councillor Roome (Chair)

Councillors Bushell, Henderson, Luggar, Phillips and Topps

Officers:

Chief Executive, Director of Resources and Deputy Chief Executive, Senior Solicitor and Monitoring Officer and Head of Governance.

Also present (attended remotely):

Rob Hutchins (Devon Audit Partnership) and Andrew Davies (Grant Thornton).

30. APOLOGIES FOR ABSENCE

Apologies were received from Councillors Campbell, Turton and Walker.

31. DECLARATIONS OF INTERESTS.

There were no declarations of interest declared.

32. TO APPROVE AS A CORRECT RECORD THE MINUTES OF THE MEETINGS HELD ON 8TH JUNE 2021 AND 20TH OCTOBER 2021

RESOLVED that the minutes of the meetings held on 8th June 2021 and 20th October 2021 (circulated previously) be approved as a correct record and signed by the Chair.

33. HALF YEARLY REPORT FROM THE CHAIR OF THE GOVERNANCE COMMITTEE

The Committee considered the Half Yearly Report of the Chairman of the Governance Committee (circulated previously).

RESOLVED that the report be noted and proceed to Council for consideration.

34. APPOINTMENT OF EXTERNAL AUDITORS FROM 2023-24

The Committee considered the Appointment of External Auditors from 2023-24 report by the Director of Resources and Deputy Chief Executive (circulated previously).

The Director of Resources and Deputy Chief Executive advised the Committee:

- Of the background on the existing arrangement - that the Authority was currently within the national procurement scheme for auditor appointments and that this arrangement was due to expire.
- That a decision whether to opt into the future national procurement scheme was required by the Authority by March 2022.
- The decision was whether to choose to opt into the national procurement scheme (for which the Public Sector Auditor Appointments (P.S.A.A.) would be responsible) or to appoint via locally arranged procurement route.
- The arrangement with the national scheme would stand for five years.
- The Audit fees were currently cheaper than before the Authority had joined the national scheme. The fee for 2020-21 was less than in 2017-18 (before the Council joined the current arrangement).
- The current arrangement had held the Authority in good stead.
- To stay within the national procurement scheme would not guarantee that the same company, or same Audit team, would continue to provide the service. It was noted that Audit teams within companies were generally in place for 3-4 years.

The Chief Executive advised that to appoint 'locally' meant that the Authority would have to make its own tender arrangements, rather than appoint a locally-based Auditor.

The Committee noted that there were few (geographically) local firms who could take on such work, as Audits of Local Authorities differed to audits for private and commercial firms. There was no guarantee that the procurement process would result in a local firm being appointed.

RECOMMENDED that North Devon Council opted in to the national scheme for Appointment of External Auditors from April 2023-24.

35. INTERNAL AUDIT PROGRESS REPORT 2021-22

The Committee considered a report by Devon Audit Partnership regarding the Internal Audit progress report for 2021-22 (circulated previously).

The Internal Auditor (RH) advised of the following in relation to the Internal Audit Progress Report 2021-22:

- The Audit Opinion was that of 'Reasonable Assurance' on the adequacy and effectiveness of the Authority's internal control framework.
- The following opinions had been provided:
 - Substantial Assurance on Treasury Management
 - Limited Assurance opinion for Debt Management
 - Limited Assurance opinion related to Climate Change
 - Reasonable Assurance on Procurement
 - Reasonable Assurance for Management of Covid-19 Grants
 - Reasonable Assurance for Governance.

In response to questions, the Committee was advised:

- There was an action plan in place to address the issues raised.
- The level of debt was £0.560m in 2017/18 but in 2020/21 was £1.386m. The debt recovery team had been reassigned to assist with the delivery of the Covid Grant schemes but were now back on their normal duties in debt recovery.
- A Sustainability and Climate Officer had been appointed jointly with Torridge District Council (TDC).
- The increase in the number of waivers issued by senior officers under delegated powers to set aside the requirement to seek at least three quotes was in part due to a number of contracts needing to be procured quickly from a supplier that had stock during the pandemic. Heads of Service had been reminded of the implications of issuing waivers rather than entering into contracts that had been properly procured.

RESOLVED that the Internal Audit Progress report be noted.

36. EXTERNAL AUDIT PROGRESS REPORT AND SECTOR UPDATE

The External Auditor (AD) provided the Committee with a verbal update regarding the External Audit Progress report and Sector Update.

The External Auditor confirmed:

- Grant Thornton were unable to issue the audit opinion at the time of the last Committee (20th October 2021) when the report was presented, as the Value for Money (VfM) work was still to be completed. The audit opinion on the 2020-21 financial statements had since been signed off.
- It was expected that the VfM work would be completed by the end of December 2021. The deadline was the end of January 2022.
- The Auditors hoped to present the final report to the Committee in January 2022.
- Although there were challenges to recruiting Auditors nationally they had appointed three experienced audit managers recently. One of which would be assigned to the NDC audit.

RESOLVED that the External Audit Progress Report and Sector Update be noted.

37. AUDIT RECOMMENDATION TRACKER

The Committee considered the Audit Recommendation Tracker report by the Chief Executive in respect of actions taken to address internal and external audit recommendations (circulated previously).

The Committee noted the following updates:

- 22 recommendations had been included in table B (recommendations completed since the last meeting of the Governance Committee on 8th June 2021)
- Table C detailed 12 recommendations for which time extensions were being requested.
- Table D detailed no outstanding recommendations.
- The three recommendations detailed in Table E (Annual Governance Statement 2019/20) could not be completed until others had been finished. These concerned Business Continuity.
- A finalised action plan, following the Peer Review, would be issued to Members in due course. The draft had already been circulated to all Members.

In response to questions from the Committee, The Chief Executive confirmed that:

- The Audits on the outstanding list, for which extensions had been requested, had been thoroughly scrutinised by the SMT
- The list covered many pages but this was mainly due to the amount of additional detail now provided for each.
- The new Management Team had been in place since October and those concerned were reassessing the 'inherited' audits and realised the importance of completing them promptly.
- Those audits requiring extensions were justified and that 50% were for short extensions of one month. Of the remaining 6, the longest extension was to March 2022.

RESOLVED:

- (a) that the time extensions requested in the Audit Recommendation Tracker be approved;
- (b) that the Heads of Service, for any Audit recommendations which were not progressed, following the time extensions given, would be invited to attend a future Committee; and
- (c) that the Audit Recommendation Tracker be noted.

38. REQUEST FOR APPROVAL TO PAY FEEDBACK COMPENSATION

The Committee considered a Request for Approval to Pay Feedback Compensation report by the Customer Feedback and Service Improvement Officer (circulated previously).

The Chief Executive advised the Committee that:

- The request had been brought to the Committee for consideration as it exceeded the value allowed under the officer's delegated powers.
- The complaint had been in relation to a planning issue where the complainant argued that he had received conflicting advice from the Planning Team which had resulted in him submitting an application which was later refused. The compensation would cover the costs incurred by the applicant for his fees; including planning application fees, architect and agent costs, plus survey costs.

In response to questions from the Committee, the Director of Resources and Deputy Chief Executive confirmed that the payment would be covered from the existing Planning budget.

RESOLVED that the payment of Feedback Compensation be approved.

39. ANNUAL REVIEW OF THE COMMITTEE'S EFFECTIVENESS - UPDATE

The Director of Resources and Deputy Chief Executive confirmed that:

- The summary of the findings of the review had previously been presented to the Committee on 8th June 2021
- The response extracts and comments were now provided in full.
- As previously advised, the responses would be used to identify any training needs.

RESOLVED that the update on the Annual Review of the Committee's Effectiveness be noted.

40. UPDATE REPORT ON THE CONDUCT OF FRAUD INVESTIGATIONS

The Senior Solicitor and Monitoring Officer provided an update on the Conduct of Fraud Investigations.

The Senior Solicitor and Monitoring Officer advised the Committee:

- At the Committee on 8th June 2021 it was agreed, as part of the Procedure for the Conduct of Investigation Report / Anti-fraud, Corruption and Bribery Policy

and Strategy, that periodic reports would be presented to SMT and Members. Those had been agreed for March and September each year. As the September 2021 Committee had not been quorate, the update (due in September) was being provided at this Committee.

- There were no updates to be made and there were no incidents to report.

RESOLVED that the Update Report on the Conduct of Fraud Investigations be noted.

41. WORK PROGRAMME 2021-22

The Committee considered the work programme for 2021-22 (circulated previously).

RESOLVED: that the work programme for 2021-22 be noted.

42. EXCLUSION OF PUBLIC AND PRESS AND RESTRICTION OF DOCUMENTS

RESOLVED:

- (a) That, under Section 100A (4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item as it involved the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of the Schedule 12A of the Act (as amended from time to time), namely information relating to the financial or business affairs of any particular person (including the authority holding that information).
- (b) That, all documents and reports relating to the item be confirmed as "Not for Publication".

43. CORPORATE RISK REGISTER

The Committee considered the Corporate Risk register report by the Chief Executive (circulated previously).

The Director of Resources and Deputy Chief Executive advised the Committee that:

- The CORGI team had updated the risk register. Each risk was shown with updated notes.
- Two new risks had been added: E CRR 60 and E CRR 61 in relation to Carbon net zero targets and programmes.
- G CRR 04a had been re-activated.
- Risks G CRR 52 and G CRR 53 were no longer required on the register.

RESOLVED that:

- (a) G CRR52 and G CRR 53 be removed from the register, and
- (b) the Corporate Risk Register be noted.

Chair

The meeting ended at 8.00 pm

NOTE: These minutes will be confirmed as a correct record at the next meeting of the Committee.