

**NORTH DEVON COUNCIL**

Minutes of a meeting of Governance Committee held at Barum Room - Brynsworthy on Tuesday, 8th March, 2022 at 6.30 pm

PRESENT: Members:

Councillor Roome (Chair)

Councillors Luggar, Phillips, Topps and Walker

Officers:

Chief Executive, Director of Resources and Deputy Chief Executive, Senior Solicitor and Monitoring Officer, Head of Governance, Public Protection Manager and Graduate Emergency Planning Officer

Also Present in person:

Councillors Jenkins

**44. ADJOURNMENT OF MEETING**

RESOLVED that owing to a quorum of Members not being present, in accordance with the Council Procedure Rules, Part 4 of the Constitution, that the meeting be adjourned for 15 minutes.

Cllr Luggar arrived at 6.52 p.m.

RESOLVED that it being 6.52 p.m. and the meeting now being quorate that the meeting be re-convened.

**45. APOLOGIES FOR ABSENCE**

Apologies were received from Councillors Bushell and Henderson.

**46. TO APPROVE AS A CORRECT RECORD THE MINUTES OF THE MEETINGS HELD ON 27TH SEPTEMBER 2021 AND 16TH NOVEMBER 2021**

RESOLVED that the minutes of the meetings held on 27 September 2021 and 16 November 2021 (circulated previously) be approved as a correct record and signed by the Chair.

**47. ITEMS BROUGHT FORWARD WHICH IN THE OPINION OF THE CHAIR SHOULD BE CONSIDERED BY THE MEETING AS A MATTER OF URGENCY.**

The Chair advised the Committee of an invitation he had received from South West Councils, for him, to join a Regional Forum for Chairs of Audit Committees.

**48. DECLARATIONS OF INTERESTS.**

There were no declarations of interest declared.

**49. 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 items 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 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- b) That, all documents and reports relating to the item be confirmed as "Not for Publication".

**50. UPDATE ON BUSINESS CONTINUITY**

The Committee considered a report by the Graduate Emergency Planning Officer regarding Business Continuity (circulated previously).

The Graduate Emergency Planning Officer advised the Committee that:

- The authority was now in a position of Reasonable Assurance. The previous decision was of Limited Assurance.
- The second phase of the plan had commenced.
- The draft Fuel Shortage plan was currently mid-consultation.
- The Business Impact Assessment rated the Authority's services based on priority (eg impact on security, finance, reputation) should the service be impacted. This would assist in the allocation of resources to ensure service delivery.

The Chief Executive confirmed that statutory services would be a priority.

RESOLVED that:

- (a) A further update be provided at a future meeting, and
- (b) that the Business Continuity update be noted.

**51. RE-ADMITTANCE OF PUBLIC AND PRESS**

RESOLVED that the public and press be re-admitted to the meeting.

**52. REVIEW OF THE TERMS OF REFERENCE**

The Committee considered a report by the Senior Solicitor and Monitoring Officer regarding the Review of the Committee's Terms of Reference (circulated previously).

The Senior Solicitor and Monitoring Officer presented the report to the Committee and confirmed that this was an annual report and that no changes were required to the Terms of Reference as there had been no changes to the Authority's Constitution.

RESOLVED that the Review of the Committee's Terms of Reference be noted.

**53. 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 Committee was advised of the following in relation to the Internal Audit Progress Report 2021-22:

- There were 11 audits in the 2021-22 plan (as per appendix 1).
- The annual audit report would be presented for consideration in June 2022
- It was usual for 80-90% of audits to be of Reasonable assurance. Within this audit, one audit (Main Accounting System) had received Substantial Assurance, the remaining ten had received Reasonable Assurance.
- Devon Audit Partnership had been externally reviewed themselves, and achieved the highest available score.
- Works on Counter Fraud was ongoing to help identify risk and core controls, and assess risk management.
- DBS checks for officers could be considered.
- The two Reasonable Assurance reports, previously presented in draft, had now been agreed.

In response to a question from the Committee, the Director of Resources and Deputy Chief Executive advised that the ICT team were following National Protocol in relation to cyber security and that in addition £150,000 had been awarded to the authority to further improve security systems.

In response to questions from the Committee, the Audit Manager (PM) advised that:

- The Climate Change audit was the only one highlighted as red. The appointment of a Climate Officer (jointly with Torridge District Council) had

resulted in progress, although, at the time of the audit, there was no strategy in place.

In response to questions from the Committee, the Head of Governance advised that:

- During Covid resources had been redirected to the processing of Covid-19 relief payments and grants which had resulted in reduced resources for debt recovery. The level of debt was higher than previously but expected to reduce.

In response to questions from the Committee, the Director of Resources and Deputy Chief Executive advised:

- The Car Parking Manager has been working with the software supplier to develop the system to enable the reports required by Audit to be created.

The Chief Executive advised that the logistics of providing the electrical infrastructure to the car parks was proving an issue due to the provision of electric charging points.

RESOLVED that the Internal Audit Progress report be noted.

**54. INTERNAL AUDIT CHARTER AND STRATEGY**

The Committee considered a report by Devon Audit Partnership regarding the Internal Audit Charter and Strategy (circulated previously).

The Internal Auditor (PM) advised that the Internal Audit Charter and Strategy explained the role of internal audit.

RESOLVED that the Internal Audit Charter and Strategy be approved.

**55. INTERNAL AUDIT PLAN 2022-23**

The Committee considered a report by Devon Audit Partnership (DAP) regarding the Internal Audit Plan 2022-23 (circulated previously).

The Internal Auditor (PM) advised that:

- The DAP had worked with the Senior Management Team and had provided a draft plan.
- The draft plan provided a breakdown of the audits alongside the number of days programmed for each.
- The plan covered the key areas of climate changes, cyber security and core services.

RESOLVED that the Internal Audit Plan 2022-23 be approved.

**56. EXTERNAL AUDIT ANNUAL AUDIT REPORT**

The Committee considered a report by Grant Thornton regarding the External Audit Annual Audit report (circulated previously).

The External Auditor (DP) confirmed:

- The Audit Report covered three areas within the new code of practice under which the Auditors were required to assess arrangements: Financial Sustainability, Governance and Improving economy, efficiency and effectiveness.
- This was a positive report with no significant weaknesses identified, therefore there were no key or statutory recommendations. The report contained only improvement recommendations.
- The overall findings for Financial Sustainability were of four recommendations which included the separate monitoring of the authority's savings on a tracker, and the continual review of the level of reserves held. The Authority held a General Fund reserve level of 9.1% of the net revenue budget. The CIPFA recommended level was between 5-10%. The levels held had been viewed as prudent but would be kept under review.
- In terms of Governance there was a recommendation to review the Corporate Risk Register (CRR) every three months, with monitoring to take place quarterly. It was suggested that the focus would be any 'red' risks.
- Improving economy, efficiency and effectiveness: a rating of the performance indicators was discussed, to enable trends to be easily identified.

In response to questions from the Committee, the Director of Resources and Deputy Chief Executive confirmed that:

- Following the restructure of the Senior Management Team it was decided that the Monitoring Officer would not be required to sit on the SMT as the new Head of Governance would be in attendance.
- The CRR could be presented to the Committee on a quarterly basis.
- SMT review the CRR and any issues would be escalated to them.
- All of the recommendations submitted by the auditors had been accepted.

RESOLVED that the External Audit Annual Audit report be noted.

**57. EXTERNAL AUDIT PROGRESS REPORT AND SECTOR UPDATE**

The Committee considered a report by Grant Thornton regarding the External Audit Progress report and Sector Update (circulated previously).

The External Auditor (AD) confirmed:

- This was the final report for the 2021 audit.
- The Audit Certificate could not be issued until the guidance in relation to the WGA (Whole of Government Accounts) had been received.
- The Value for Money works had been completed in December 2021.
- The result of testing on the Housing Benefit subsidy had found one error (in the Authority's favour) resulting in a £1,020 reduction in the amount the Authority would have to repay back to Government.
- The 2021/22 Audit was programmed to start in early July 2022 and was expected to be completed by September 2022.

The External Auditor (PB) confirmed:

- CIPFA was currently undertaking a consultation regarding the treatment of Property, Plant and Equipment valuations in the accounts. It was not yet known how, or if, this would affect account preparation.
- There was currently a lack of Auditors, or prospective candidates with the right skill-set, in the industry. The sector was facing delays in completing audits within the time limits.

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

## **58. UPDATE ON GOVERNANCE ARRANGEMENTS**

The Chief Executive provided the Committee with an update on Governance Arrangements and confirmed that:

- No Members had provided any feedback to indicate that they any had any issues with the current arrangements.
- It appeared that the Members were content with the system.
- The Authority was prevented from reverting to the previous arrangements within five years of the change, although minor adjustments could be made.

In response to questions from the Committee, the Chief Executive advised:

- The main difference between the systems (Executive model and Committee structure) was the political balance built into the Constitution which negated the need to have arrangements for call-in of a decision.
- The Policy Development Committee had the same powers as the Overview and Scrutiny Committee had, except for the call-in powers.
- The new structure was more politically-balanced.
- The Executive Structure did vary between organisations, for example the DCC structure differed from that in place at NDC as NDC had delegated powers to Committees, rather than to individual Councillors.
- The Executive system in place at NDC was no quicker or slower than the present Committee structure.

RESOLVED that the update of Governance Arrangements be noted.

**59. 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:

- 34 recommendations had been included in table B (recommendations completed since the last meeting of the Governance Committee)
- Table C detailed 13 recommendations for which time extensions were being requested. Many of these were requested in order to coincide with the service plans
- Table D detailed 7 outstanding recommendations. These needed to be closed off of the report, as completed, or have extensions requested. H&S 05 and CSM&R 15 would be completed prior to the next meeting. SC19 O 03 had been completed.
- Recommendations in Table E (Annual Governance Statement) included a mix of recommendations requiring extensions, and those completed.

RESOLVED:

- (a) That the time extensions requested in the Audit Recommendation Tracker be approved;
- (b) Table D be updated for the next meeting of the Committee; and
- (c) That the Audit Recommendation Tracker be noted.

**60. WORK PROGRAMME 2022-2023**

The Committee considered the work programme for 2022-23 (circulated previously).

RESOLVED:

- a) that the Corporate Risk Register be added to the Work Programme on a quarterly basis
- b) That the work programme for 2022-23 be noted.

Chair

The meeting ended at 8.30 pm

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