

**NORTH DEVON COUNCIL**

Minutes of a meeting of Governance Committee held at Crematorium Meeting Room - North Devon Crematorium on Wednesday, 20th October, 2021 at 6.30 pm

PRESENT: Members:

Councillor Roome (Chair)

Councillors Bushell, Henderson, Phillips, Topps, Turton and Walker

Officers:

Chief Executive, Director of Resources and Deputy Chief Executive, Solicitor and Data Protection Officer and Head of Governance

**24. APOLOGIES FOR ABSENCE**

Apologies were received from Councillors Campbell and Luggar.

**25. DECLARATIONS OF INTERESTS.**

There were no declarations of interest declared.

**26. ANNUAL GOVERNANCE STATEMENT 2020/21**

The Committee considered a report by the Senior Solicitor and Monitoring Officer regarding the Annual Governance Statement 2020/21 (circulated previously).

The Head of Governance advised the Committee:

- The Devon Audit Partnership (DAP) had given an opinion of Reasonable Assurance.
- A series of recommendations had been presented to the Governance Committee which included items around Member Training and Code of Conduct, a review of the Corporate Plan Priorities and an update to the procurement strategy.

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

- The Corporate Plan was being examined in detail with the Solicitor and Data Protection Officer and
- The Corporate and Community Services team were reviewing the community engagement strategy.

The Internal Auditor explained that their role included the provision of an annual assurance report which referenced a number of external, independent bodies, such

as the ombudsman. Their opinion agreed with the overall picture presented by the Accounts.

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

- The DAP had audited the AGS and considered good practice at neighbouring Local Authorities and had incorporated this where applicable.
- The Member Training programme was being reviewed. The training programme included a refresher for Governance, equality and diversity refresher, along with further training on the roles of Members

RESOLVED that the Annual Governance Statement 2020/21 be noted and proceed to Council for consideration.

## **27. STATEMENT OF ACCOUNTS 2020/2021**

The Committee considered a report by the Director of Resources and Deputy Chief Executive regarding the Statement of Accounts 2020/21 (circulated previously).

The Director of Resources and Deputy Chief Executive highlighted the following points for the Committee:

- The draft accounts would usually be signed off by the 31<sup>st</sup> of July each year, however this had been extended to the 30<sup>th</sup> September. The delay to this October meeting had been due to the Governance Committee not meeting on the 27<sup>th</sup> September 2021 as planned
- An Unqualified opinion had been issued.
- A previous forecast at quarter 3 of a net surplus of £28k had now been increased due to additional funds such as income from planning, increased rental income on Butcher's Row, reduced spend on temporary accommodation and accompanying reductions in costs across the Authority.
- £1.2m General fund reserve, and £16.3m earmarked reserves were achieved.
- The earmarked reserves were artificially higher in 2020/2021 due to timing differences in the accounting treatment of Covid business rate relief from Central Government.
- The Authority was in a strong financial position for 2021/2022 year.
- The net worth on the balance sheet had shown a net decrease on 2019/20 due to an increase in the valuation of the long term assets, including the value of the new leisure centre build and an increase in the net liability of the pension fund.
- The deficit in the Pension fund was offset by a pension reserve and would be made good by the employees' contributions over their employment period. The value of this fund was reassessed every three years.
- The final opinion on the accounts was due from the Auditors next week (w/c 25<sup>th</sup> October 2021).
- There would be a slight change to the wording on the material uncertainty disclosure due to the valuation and replacement costs of assets. The increase

in rebuild costs were due to the prices of building materials. A disclosure note had been added to the accounts in explanation

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

- Any cash balances held were protected as set out in the Treasury Management Strategy. Investments were held across a number of institutions to reduce risk.
- The build of the Leisure Centre was covered by a fixed cost construction contract - reducing financial risk to the Authority.

The Chair added that the general fund reserve balance for a District Council should be between 5% and 10%. NDC had achieved 9.1%. He commended the Chief Executive, Director of Resources and Deputy Chief Executive and the staff for their efforts in delivering the services within budget.

RECOMMENDED that the Statement of Accounts 2020/21 be approved and proceed to Council for consideration.

## **28. EXTERNAL AUDIT - AUDIT FINDINGS REPORT**

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

The External Auditor (PB) confirmed:

- The date for the signing off of the accounts was set two months' earlier than previously. The Auditors knew this would present a challenge.
- A subset with the greatest chance of completion were chosen. NDC was part of that selection.
- The cooperation between the Authority and the Auditors had been good.
- There were no material errors.
- Main issue had been material uncertainties - such as the pension liability and the asset valuations. Management had been challenged on those and it had been agreed that no changes were required to the accounts.
- They were unable to issue the opinion until the Devon Pension Fund audit statement had been received. This was expected early next week (w/c 25<sup>th</sup> Oct 2021). Once this was received they would be able to sign off the assurance. The accounts would be signed-off by 31<sup>st</sup> October.
- NDC were not alone in not yet having the accounts signed-off. As only 9% of Authorities had achieved this by the 30<sup>th</sup> September deadline.
- The accounts would be signed off within the threshold in terms of risks. The Auditor had been impressed with the responses from both the officers and valuer.

The Director of Resources and Deputy Chief Executive advised that the one recommendation within the audit had been reporting about projects such as the

regeneration of High Streets and the transparency/updates of projects. Management had accepted these and it was noted that external experts had been involved in projects where the professional expertise was unavailable in-house. Such external professionals were assessed based on their expertise, price, and results from previous contracts.

RESOLVED that the External Audit - Audit Findings Report be noted.

**29. LETTER OF REPRESENTATION**

The Committee considered the Letter of Representation, presented by the Director of Resources and Deputy Chief Executive (circulated previously).

The Director of Resources and Deputy Chief Executive explained that the Letter of Representation formally outlined to the External Auditors, the governance arrangements in place and the Authority's responsibilities on the financial statements presented. The Letter was presented to the Committee in advance of the Full Council meeting which would take place following this meeting. The Letter was required as part of the final process for the approval of the Statement of Accounts for 2020/21

RECOMMENDED that the Letter of Representation be approved by Full Council.

Chair

The meeting ended at 7.16 pm

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