

NORTH DEVON COUNCIL

Minutes of a meeting of Governance Committee held at Barum Room - Brynsworthy on Tuesday, 15th November, 2022 at 6.30 pm

PRESENT: Members:

Councillor Roome (Chair)

Councillors Bushell, Henderson, Phillips, Turton and Walker

Officers:

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

Also Present:

Paul Middlemass (Devon Audit Partnership) and Peter Barber (Grant Thornton) (attended virtually).

29. APOLOGIES FOR ABSENCE

Apologies were received from Councillor Topps.

30. TO APPROVE AS A CORRECT RECORD THE MINUTES OF THE MEETING HELD ON 26TH SEPTEMBER 2022

RESOLVED that the minutes of the meeting held on 26th September 2022 (circulated previously) be approved as a correct record and signed by the Chair.

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

There were no items brought forward by the Chair.

32. DECLARATIONS OF INTERESTS.

There were no declarations of interest declared.

33. INTERNAL AUDIT PROGRESS REPORT

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

The Committee was advised of the following in relation to the Internal Audit Progress Report 2022-23:

- The Audit Manager from Devon Audit Partnership stated that the Authority was on track for an overall opinion of 'Reasonable Assurance'.
- He was pleased that the levels of quantity of QA checks being carried out had increased back to pre-covid levels.
- There were 5 audits in the 2022-23 plan (as per appendix 1):
 - The Housing Benefits and Council Tax audits were of Substantial Assurance
 - Waste and Recycling was of Reasonable Assurance. This was due to the significant pressure on the service and the increasing requirements to meet national recycling rates and targets.
 - Debtors was of Limited Assurance (due to the levels of debt carried forwards)
 - Equality and Diversity was of Limited Assurance (as the requirement to publish an Annual Report had not yet been met). It was noted that good work had been undertaken to provide support and training to staff, and to meet the accessibility requirements.
- Counter fraud work: noted that fraud now related to 40% of all crime. With the anticipated increase of a further 25% in future.

In response to questions from the Committee, the Chief Executive confirmed that the Annual Equality Report had now been progressed, and further works were ongoing in relation to assessing public review of the Authority.

Councillor Turton arrived at 18:43

In response to questions from the Committee, the Director of Resources and Deputy Chief Executive confirmed that the Customer Services team regularly ran customer surveys on many aspects of the council services.

In response to questions from the Committee regarding 'Exit interviews', the Chief Executive confirmed:

- Exit interviews were offered to leavers.
- Those staff were encouraged to attend although this was difficult to enforce.
- The Council would not withhold final pay on the condition that an exit interview was attended.
- A recent case where a leaver made the decision to withdraw their resignation was not due to any issues with the employee's employment. Personal circumstances had resulted in a resignation, which, once reconsidered, the Council was able to assist by providing a flexible approach and alternative work schedule to enable them to stay. The employee was happy with the resulting outcome.

RESOLVED that the Internal Audit Progress report be noted.

34. 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 confirmed:

- Good progress had been made since the last meeting. Only two areas of the audit were outstanding: The Letter of Assurance from the Pension Fund (due soon) and final pieces of work on the Property, Plant and Equipment valuations.
- An additional reporting item since the Audit Findings Report was presented to Governance Committee on 26 September 2022 was as follows: As part of the PPE testing, the External Auditors identified that the valuers had incorrectly calculated the valuation for Commercial Road Car Park. The incorrect management fee was used as part of the calculation and as a result caused the value to be overstated by £65k. They carried out additional procedures across all of the carpark valuations to ensure this was an isolated error. This was being brought to committee members' attention as it was above the auditors' trivial level of £50k but well below materiality at £1m. As a result, management were not minded to adjust for this amount and the External Auditors concurred with this.
- It was hoped that the final audit opinion would be issued prior to 30th November 2022. NDC would be one of a small number of Authorities able to meet the 2021/22 deadline of 30th November.

The Director of Resources and Deputy Chief Executive confirmed that this had been the first that he had been made aware of the carpark valuation error, but that it would be covered within the financial statements for the next financial year. He was pleased with the progress made and that NDC would be in the position to meet the deadline.

In response to questions from the Committee, the External Auditor confirmed that the frequent changes to the Prime Minister and Westminster had not resulted in many issues for the auditors as the Audit Standards had been set by the National Audit Office (NAO) for a five year period so were not affected. He felt that more pressure would probably be felt by the Council's own officers, especially the Section 151 officer due to uncertainty around funding as austerity measures set in. The recent pay award would also provide budgetary pressure.

The Director of Resources and Deputy Chief Executive confirmed that:

- a paper in relation to the refreshed budget projections would be presented to Full Council soon (23rd November 2022)
- There were early indications of a public sector grant funding freeze although it was uncertain how this would affect individual government departments.

- A £5 increase to Council Tax for 2023/24 was currently built into the projections however this would be subject to the detailed budget setting process. The £5 was roughly equivalent to around a 2.5% increase.

The Chief Executive confirmed that the budget gap would not be mitigated solely by the increase in Council tax.

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

35. 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 Chair confirmed that an updated report had been published as a supplementary report.

The Committee noted the following updates:

- The main difference between the two versions of the report was that the last four items on table C of the original report had since been completed, and were now included in table B of the amended report.
- 14 recommendations had been included in table B of the updated report (recommendations completed since the last meeting of the Governance Committee)
- Table C detailed four recommendations for which time extensions were being requested.
- The Emergency Planning training had not taken place due to the activation of Operation London Bridge following the passing of Her Majesty Queen Elizabeth II. The training had been rescheduled
- Assurance statement for Safeguarding duties – In Devon there was an agreement for joint assurance – this however had been held up by Devon County Council (DCC)
- Table D detailed one outstanding recommendation. The previous Planning Manager had started to engage with consultees in order to obtain responses. Since she had now left the Authority, the new Planning Manager had started to recommence the works.
- The recommendations in Table E (the Annual Governance Statement) showed those outstanding, completed, or those for which extensions had been requested.

In response to a question from the Committee, the Chief Executive confirmed that the Data Protection recommendation on the original report had now been closed, but not noted on the updated report as ‘completed’ as it was a low level risk.

RESOLVED:

- (a) that the time extensions requested in the Audit Recommendation Tracker be approved; and
- (b) that the Audit Recommendation Tracker be noted

36. ANNUAL REVIEW OF THE COMMITTEE'S EFFECTIVENESS

The Director of Resources and Deputy Chief Executive confirmed that

- All members had completed the survey.
- Many of the 80 questions had required yes/no answers.
- The answers to questions for which there had been some 'no' or 'don't know' answers were clarified as follows:
 - Q3 NDC do not have an Overview and Scrutiny Committee any more. There was a Policy Development Committee for which agenda items can be forwarded if necessary. There have been occasions where a meeting has been cancelled when not quorate, or delayed when Councillors were late. The Corporate and Community Services officer had been telephoning Members to remind them to attend the meetings or give apologies in advance.
 - Q7 All Members of the Committee had been provided with training when appointed to the Committee, with a refresher taking place two years following. Other training had been made available, including LGA Finance training and any further courses required could be considered. Although no specific requirements for members to have prior financial/suitable knowledge had been implemented by NDC it was expected that the Group Leaders would have sought to appoint suitable Members to each Committee.
 - Q13 Every agenda has an item where Members were asked to declare any interests.
 - Q17 As per Q3 regarding quorum issues.
 - Q27 There was some integration assessing risk when reports were considered. Some cover risk management.
 - Q29 This was covered in June 2021 with the updated Anti-Fraud and Corruption Policy being approved.
 - Q33 The Internal Audit Plan (and the Corporate Risk Register) was considered by the Senior Management Team (SMT) to help to focus the direction of audits.
 - Q39 This was covered by the Statement of Accounts (at the September meeting). Large write-offs were considered by Strategy and Resources, then Full Council, rather than by the Governance Committee. Any write-offs over £1500 were considered in consultation with the Leader and not the remit of this committee.
 - Q41 & Q43 Yes the Committee receives both of those reports. (External Audit report and Letter of Representation).
 - Q45 Topical legal and regulatory issues were presented to the Committee within the External Auditors Report.
- During a discussion regarding the layout and content of the reports received from the Auditors, the Chair confirmed he found them well-presented and easy to understand

The Internal Auditor confirmed that they were currently undertaking a review of the reports provided to each of the Devon Authorities and ascertain any different requirements across the region.

The Director of Resources and Deputy Chief Executive advised that:

- Q76 A peer review had been undertaken, and the results circulated previously. That had covered areas of work that could come to the Committee within the work programme.

In response to a question from the Committee, the Chief Executive confirmed that the findings of the Organisational Development team had been circulated to officers and a report would be presented to this Committee in due course. This work considered the culture of the organisation: both staff and members.

The Chief Executive reiterated that the role of the Governance Committee was to look at the controls and procedures set in place and ensure issues were picked up through performance rather than specific cases or incidents.

The Director of Resources and Deputy Chief Executive advised that:

- Q77 Assurance was sought by the auditors as part of their Value for Money assessment.
- Q80 The value of assets and loans was included within the Statement of Accounts.
- Q84 The appointment of an 'Independent person' appointed to Committees was being considered, along with the possibility of sharing such an individual with other Devon authorities.

RESOLVED;

- a) That the Internal Auditors' report on the Review of the reports provided/required by each of the Devon Authorities be circulated by the Corporate and Community Services Officer to the Committee Members as soon as it became available;
- b) An 'Exit' questionnaire be developed and issued to Members at the end of their term;
- c) That Performance Framework be considered at a future Governance Committee; and
- d) The update on the Annual Review of the Committee's Effectiveness be noted.

37. WORK PROGRAMME 2022-23

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

The Chair (Councillor Roome) and Councillor Henderson declared interests as Devon County (DCC) Councillors.

The Chair advised the Committee of the financial pressures on the County Council; noting there was a £75m shortfall in their budget and that the Leader of DCC had written an open letter to the Government to request additional funding.

The Chief Executive advised that the Corporate Risk Register would be presented to the Committee in January 2023.

RESOLVED:

- a) that a survey be issued to Members regarding a “Review of the Committee System”
- b) that the Head of Planning, Housing and Health be invited to attend the Committee in January 2023
- c) that the work programme for 2022-23 be noted.

Chair

The meeting ended at 7.50 pm

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