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North Devon Council
Brynsworthy Environment Centre
Barnstaple
North Devon EX31 3NP

K. Miles
Chief Executive.

GOVERNANCE COMMITTEE

A meeting of the Governance Committee will be held in the Barum Room - Brynsworthy on **TUESDAY, 15TH NOVEMBER, 2022 at 6.30 pm.**

(NOTE: A location plan for the Brynsworthy Environment Centre is attached to the agenda front pages. For meetings held at Brynsworthy only, you can join the meeting virtually via Microsoft Teams. There are also limited spaces to attend the meeting in person. Please check the Council's website for the latest information regarding the arrangements that are in place and the requirement to book a place 2 working days prior to the meeting. Taking part in meetings (northdevon.gov.uk))

Members of the Governance Committee Councillor Roome (Chair)

Councillors Bushell, Campbell, Henderson, Phillips, Topps, Turton and Walker (+ vacancy)

AGENDA

1. Apologies for absence
2. To approve as a correct record the minutes of the meeting held on 26th September 2022 (Pages 7 - 18)
3. Items brought forward which in the opinion of the Chair should be considered by the meeting as a matter of urgency.
4. Declarations of Interests.
(Please complete the form provided at the meeting or telephone Corporate and Community Services to prepare a form for your signature before the meeting. Interests must be re-declared when the item is called, and Councillors must leave the room if necessary.)
5. To agree the agenda between Part 'A' and Part 'B' (Confidential Restricted Information).

PART A

6. **Internal Audit Progress Report** (Pages 19 - 30)
Report by Devon Audit Partnership (DAP) (attached).

7. **External Audit - Progress Report and Sector Update** (Pages 31 - 44)
Report by Grant Thornton (attached).
8. **Audit Recommendation Tracker** (Pages 45 - 62)
Report by the Chief Executive (attached).
9. **Annual Review of the Committee's Effectiveness** (Pages 63 - 84)
Director of Resources and Deputy Chief Executive to report. Survey results attached.
10. **Work Programme 2022-23** (Pages 85 - 88)
To consider the Work Programme 2022-23 (attached).

PART B (CONFIDENTIAL RESTRICTED INFORMATION)

Nil.

If you have any enquiries about this agenda, please contact Corporate and Community Services, telephone 01271 388253

7.11.22



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The rules that the Council will apply are:

1. The recording must be overt (clearly visible to anyone at the meeting) and must not disrupt proceedings. The Council will put signs up at any meeting where we know recording is taking place.
2. The Chairman of the meeting has absolute discretion to stop or suspend recording if, in their opinion, continuing to do so would prejudice proceedings at the meeting or if the person recording is in breach of these rules.
3. We will ask for recording to stop if the meeting goes into 'part B' where the public is excluded for confidentiality reasons. In such a case, the person filming should leave the room ensuring all recording equipment is switched off.
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5. The recording should not be edited in a way that could lead to misinterpretation or misrepresentation of the proceedings or in a way that ridicules or shows a lack of respect for those in the recording. The Council would expect any recording in breach of these rules to be removed from public view.

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North Devon Council offices at Brynsworthy, the full address is:
Brynsworthy Environment Centre (BEC), Roundswell,
Barnstaple, Devon, EX31 3NP.

Sat Nav postcode is EX31 3NS.

At the Roundswell roundabout take the exit onto the B3232, after about ½ mile take the first right, BEC is about ½ a mile on the right.

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NORTH DEVON COUNCIL

Minutes of a meeting of Governance Committee held at Barum Room - Brynsworthy on Monday, 26th September, 2022 at 6.30 pm

PRESENT: Members:

Councillor Roome (Chair)

Councillors Bushell, Henderson, Luggar, Phillips and Walker

Officers:

Chief Executive, Director of Resources and Deputy Chief Executive, Head of Governance and Senior Solicitor and Monitoring Officer, Accountancy Services Manager and ICT Manager,

Also Present in person:

Internal Auditor (PM) – Devon Audit Partnership.

Also Present virtually:

External Auditor (PB) – Grant Thornton.

External Auditor (AD) – Grant Thornton.

Internal Auditor (MW) – Devon Audit Partnership.

15. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Campbell and Turton.

16. TO APPROVE AS A CORRECT RECORD THE MINUTES OF THE MEETING HELD ON 14 JUNE 2022

RESOLVED, that the minutes of the meeting held on 14th June 2022 (circulated previously) be approved as a correct record and signed by the Chair.

17. DECLARATIONS OF INTERESTS.

There were no declarations of interest announced.

18. INTERNAL AUDIT PROGRESS REPORT 2022/23

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

The Internal Auditor highlighted the following points in relation to the Internal Audit Progress Report 2021-22:

- There were three audit reports, which were summarised on page 19 of the agenda all with reasonable assurance ratings.
- The Council's target to deliver Net Zero emissions by 2030 was still a challenge and there should be a focus on mitigation by the Council to achieve this objective.
- The audit of security measures for the Council explored the mechanisms that were in place to protect Officers and Members in lone working situations and whilst the risk to Members was relatively low at the present time as there were no surgeries taking place, this risk is likely to increase with the elections in 2023. Members had been offered Personal Safety Awareness training but less than half had attended them. They faced the same risks as lone working Officers, and it was appropriate that they be risk assessed in the same way.
- Staff and Officers had Reliance Protection 'Pulse' devices while they were out working alone and had been given training on their use. However, they needed to use them more often and test them regularly and managers should follow this up. Staff had limited knowledge of the threat/risks posed by intruders therefore could benefit from generic training on keeping themselves and others safe, particularly during ingress/egress from secure areas.
- The Council had a Scheme of Members' Allowances, which was updated annually with an Independent Remuneration Panel undertaking a fundamental review every four years. All members currently received a Basic Allowance of £4,970.22 / annum a twelfth of which was paid to them monthly. One member had elected to forgo his annual increase in Basic Allowance and received payment based upon the amount agreed at time of his election. Several members also received a Special Responsibility Allowance in addition to the Basic Allowance. All payments made to members in May 2022 were found to be in accordance with the scheme in place with each member receiving the correct allowances due.
- Since Covid-19 the number of members claiming travel allowance had reduced significantly, in line with a reduction in the travel being undertaken. Personal safety was potentially compromised with the publishing of residential addresses.
- The grants system was audited and all payments had been made accurately via the Councils processes.

Councillor Luggar joined the meeting at 6.38pm.

- There had been no reported fraud issues in the year to date. Management was aware that they could refer any suspected issues to the counter fraud team.
- The Council had agreed with Devon County Council that they would fund an exercise to review the Single Person Discounts claimed by individuals.
- The audit plan was broadly on schedule for the delivery of the plan.

The Chair thanked the Auditor for his informative report and acknowledged the comments made in relation to climate change.

In response to questions, the Internal Auditor advised the following:

- The business case in relation to grants was ready and the Director of Resources and Deputy Chief Executive advised that the Economic and Regeneration team were reviewing processes regularly.

- The Council Tax review of Single Person Discounts claimed by individuals was in part an exercise to ascertain that claimants were still eligible for the reduction or whether their circumstances had changed.

RESOLVED that the Internal Audit Progress report be noted.

19. ANNUAL GOVERNANCE STATEMENT 2021/22

The Committee considered a report by the Head of Governance regarding the Annual Governance Statement 2021/22 (circulated previously).

The Head of Governance advised the Committee:

- In conjunction with Internal and External Audit, compliance with the Framework in meeting the principles, where governance can be seen in action, and the assurance received and issued identified, had been assessed in detail and were included in full in Appendix A.
- During the year Internal Audit undertook 18 audits with the reports then sent to Senior Management Team for review. Their overall opinion was 'reasonable assurance' that a generally sound system of governance, risk management and control was in place.
- Any areas that had been identified for improvement were detailed within the report.

In response to a question, the Head of Governance confirmed that all elements of the audit process were reviewed and assessed together.

In response to a question regarding the placing of items on an agenda, the Chair confirmed that all proposed items were discussed at the Chair's meeting and that his agreement was sought prior to the publication of the agenda.

In response to question regarding the level of detail within the reports and whether they could be rationalised to simplify the process and reduce costs, the Director of Resources and Deputy Chief Executive advised that the reports had been reduced significantly. However, whilst officers were working with the auditors to reduce the length of some reports, certain reports had to be presented with a high level of detail owing to the decisions that were required to be taken by the Committee.

RESOLVED that the Annual Governance Statement 2021/22 be approved and proceed to Council for consideration.

20. STATEMENT OF ACCOUNTS 2021/22

The Committee considered a report by the Director of Resources and Deputy Chief Executive regarding the Statement of Accounts 2021/22 (circulated previously). The Director of Resources and Deputy Chief Executive highlighted the following points for the Committee:

- The draft accounts for 2021/22 financial year were signed off by the Chief Financial Officer on 5th July.

- An Unqualified opinion had been issued by the auditors, which was a clean audit of the accounts.
- The Council had originally budgeted to spend £13.639m in 2021-22. As at 31 December 2021, the Council was forecasting a net surplus of £89,000 against the budget.
- The last quarter of the financial year had seen some favourable variances since the last reported position; most notably additional recycling sales income and reduced spend in the Waste and Recycling service, together with general employee vacancy savings.
- It was pleasing to report that the final out turn position was a budget surplus of (£604,000) against original budget, which was an overall movement of (£515,000) from the last forecast at quarter 3.
- The original budget for 2021-22 included a forecast to achieve £225,000 worth of salary vacancy savings, this was exceeded by £99,000 giving an overall actual salary vacancy saving of £324,000. The movement from Q3 of £515,000 could be attributed to:
 - ICT reduced spend £78,000.
 - Waste & Recycling reduced spend £110,000.
 - Waste and Recycling Sales income £74,000.
 - Car parking income £60,000.
 - Crematorium contribution £41,000.
 - Employee vacancy savings £60,000.
 - Borrowing costs – Interest Payable £41,000.
 - Other Reduced costs £51,000.
- Members approved in June 2021 to proceed with the acquisition of Green Lanes Shopping Centre; for which the Council completed the purchase in November 2021.
- The purchase of Green Lanes Shopping Centre was a once in a lifetime opportunity to acquire a strategic asset and complement other significant regeneration improvements being delivered within the Barnstaple town centre through the Future High Streets project.
- The financial modelling demonstrated that revenue income generated from the centre would cover both the repayment of the loan and asset management costs and would return a contribution to the Council, which could be used towards mitigating future risks on income volatility, investment back into the centre and the overarching council budget.
- The financial outturn for the Centre produced a net return (income less costs) for the 2021/22 year of (£243,600) due to minimal borrowing costs for last financial year as those would start in 2022/23. This was a positive return for the Council for the four and half months ownership in the 2021/22 year. The net return to the Council of (£243,600); of this it was proposed to place £75,000 into an earmarked reserve to protect the council budget and mitigate against any future income volatility that could materialise as it moved forward with the centre and a further £168,600 into an earmarked reserve to fund future asset management initiatives to promote, market and maximise the occupancy of the Centre over the next few years, which the Council

anticipated would then have a positive financial return on ongoing revenue streams.

The Director of Resources and Deputy Chief Executive read out some recent feedback that had been received from Knight Frank (Commercial Property Specialists) to the North Devon Council team, which stated

“As we discussed our involvement with Green Lanes is long standing. Prior to your purchase I have to say that the level of voids within the scheme provided a fairly depressing experience however on my most recent visit the overall feel of the scheme had changed with the recent lettings which have been undertaken both improving occupancy levels but also improving the customer ‘experience’ within the scheme”.

He added that this was really positive feedback for the Council and demonstrated its intent to make the Centre a success, both operationally and financially.

- As at 31st March 2022 the Collection Fund reserve balance held was £5,722,000. This earmarked reserve was created to deal with the timing impacts of the Collection Fund (Business Rates), which ensured the revenue budget was not unduly affected in the year the taxes were collected. Collection Fund deficits/surpluses were reversed out to bring the revenue account back to the budgeted figure for the year; the deficits/surpluses were recovered/distributed in the following financial years.
- This reserve included an £4,523,000 balance that would be utilised in 2022/23 and 2023/24 to mitigate timing differences of business rate reliefs awarded in 2021/22 that from an accounting perspective impact over the next two financial years; thus leaving the Collection Fund reserve with a residue balance of £1,200,000 protection against future volatility.
- The recommended level of general fund balance was 5%-10% of the Council’s net revenue budget. It was pleasing to report that the combination of in year measures and robust budget management saw the Council through the financial pressures and resulted in a general fund reserve balance at 31 March 2022 of £1,211,000, which was a level of 8.9%.
- The Balance Sheet indicated the Councils total net worth was £47m.
- The value of the Councils long term assets had increased from £98m as at 31st March 2021 to £121m as at 31st March 2022.
- The Councils long term borrowing had increased from £501,000 as at 31st March 2021 to £3m as at 31st March 2022.
- The Council’s Defined Benefit Pension Scheme Liability had decreased from £71m as at 31st March 2021 to £64m as at 31st March 2022 and there was a note related to the breakdown of the figures on page 149 of the report.
- The cash flow statement and collection fund information was detailed on pages 89 to 91 of the report.
- Pages 92 to 111 of the report detailing the accounting policies for which there were no material changes.
- The notes to the accounts were detailed on pages 112 to 161 and provided a breakdown of the accounts figures.

- Pages 162 to 168 detailed the draft auditor's report, which gave an unqualified opinion on the financial statements.

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

- The Council budget always shows annual vacancy savings as jobs were advertised and filled throughout the year.
- The Local Government Pension scheme changed in 2014 from a final salary scheme and was subject to a three yearly review, the next of which was scheduled for November 2022 and would provide a valuation and expected contributions for the next three years.
- The vehicle leasing scheme replaced the original capital programme purchase scheme, which allowed the Council earlier access to vehicles as and when required. The revenue costs from leasing were roughly the same as previous borrowing costs. However, the leasing scheme provided a better choice of vehicles. The transfer to a leasing scheme meant that the Council would no longer have to buy vehicles at the same time and the replacement of vehicles was spread out over a longer period. This also allowed the Council greater flexibility should it wish to transfer to electric vehicles in the future.

RECOMMENDED that the Statement of Accounts 2021/22 be approved and proceed to Council for consideration.

21. 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 confirmed:

- The post-statements audit began in July 2022 and as of 15th September 2022 it was substantially complete.
- This year a hybrid approach was adopted by the auditors with a combination of on site and remote working and the auditor expressed his thanks to the Finance team for agreeing to that approach.
- The work undertaken to date had not identified any material errors or adjustments to the financial statements.
- No adjustments had been identified that had resulted in any changes to the Council's financial statements or financial position.
- Subject to the completion of the remaining audit pieces of work and receiving responses to outstanding queries and having regard to any national guidance, it was anticipated that an unqualified audit opinion would be issued following the receipt of the letter of assurance from the Devon Pension Fund auditor in October 2022.
- North Devon Council's audit was one of the most progressed audits and well ahead of its November 2022 deadline.
- A significant area identified for testing was the use of internal journal transfers, for which no areas of concern were identified.

- During testing it was identified by the auditors that monthly bank reconciliations had not been completed for a period of the 2021/22 financial year owing to an issue with the software that was used. Management accepted this recommendation for improvement and advised that staffing and software issues had been the reason for issues within that area but this had now been resolved.
- The Value for Money assessment was working to a later deadline than normal, with an expected target of December 2022.
- The details in relation to the fees were set out on pages 196 to 197.

The Chair thanked the Internal Auditor for his report to the Committee. The Committee also expressed their thanks to the Finance team for their continued hard work in the delivery of a good audit.

The Director of Resources and Deputy Chief Executive advised that the Accountancy Services Manager and the team would ensure that the bank reconciliation issue would be rectified moving forward and that the Council had a good working relationship with Grant Thornton.

In response to a question regarding the Commercialisation Strategy and the increase to the workload to deliver the management of the Green Lanes shopping centre, the Internal Auditor advised that the opinion in the financial statements indicated that things were now very different. Councils were no longer as risk adverse and recognised the requirement to be risk aware when embarking on new projects to generate additional sources of income. He added that North Devon Council were very proactive in their approach to this new way of working.

The Committee thanked the Internal Auditor for his report.

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

22. 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 on 28th September 2022.

The Letter was required as part of the final process for the approval of the Statement of Accounts for 2021/22.

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

23. COMPENSATION PAYMENTS MADE UNDER DELEGATED POWERS

The Committee considered a report by the Senior Communications and Feedback Officer (circulated previously) regarding Compensation Payments made under Delegated Powers.

The Director of Resources and Deputy Chief Executive advised that:

- This was an annual report on compensation payments made to customers through the complaints process from April 2021 to March 2022.
- The existing constitution gave delegated powers to Officers to agree compensation payments following investigation through the Councils complaints procedures, subject to consent from the relevant Head of Service and the Head of Governance.
- Compensation was only ever paid out when a customer had used excessive time and trouble to get their complaint resolved or where the investigating officer felt that the complaint warranted a refund and/or compensation due to the impact the service failure had on the customer. Most complaints were resolved without compensation being paid.
- A total of £561 had been paid out in compensation, which covered a variety of services:
 - One Trade Waste customer was refunded £60.28 and another £18.90 for missed collections.
 - Two customers were refunded for their £40 garden waste permits after issues with the service.
 - A bulky waste customer was refunded £17 for a missed collection.
 - Two customers were offered £30 each for errors in council tax processes.
 - £250 was awarded to a customer due to slow response to a planning application.
 - Three customers had their £25 parking fines refunded.
 - 32 customers had garden permits extended at a cost of £2,200 for missed garden waste collections.
 - One customer accepted some flowers after she tripped over in a car park and one customer was offered a day's free parking due to unclear instructions on charging leading to his overpayment.

In response to a question regarding the extension to garden waste permits, the Director of Resources and Deputy Chief Executive advised that there was no financial implication to the Council and the renewal date would just be extended by a couple of months.

In response to a question regarding planning application extension requests beyond the eight and sixteen week period, the Chief Executive advised that the performance data in relation to these requests formed part of the Council's Quarterly Performance report to Members.

The Chair advised that the Head of Planning, Housing and Health could be invited to a future meeting of the Committee to discuss any concerns that Members may have.

The Chief Executive added that he would also like the Committee to compare the figures for North Devon against other local authorities as this was a common theme in local government at the current time.

RESOLVED:

- (a) that the report be noted; and
- (b) that the Head of Planning, Housing and Health be invited to a future meeting of the Committee to discuss the extensions to planning application responses and other concerns that the Members might wish to discuss.

24. 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:

- Table B detailed the actions that had been completed since the last meeting of the Committee.
- Table C detailed the outstanding recommendations together with Management requests for extensions to due dates.
- Table E contained information related to the Annual Governance Statement together with actions recently completed and some revised dates.

In response to a question regarding the reasons for requested extensions, the Director of Resources and Deputy Chief Executive advised that in light of recent events with the passing of Her Majesty the Queen and other areas of work that Government had asked the Council to prioritise help for such as supporting the ongoing refugee situation, that officers had been reassigned to other priority areas of work that were more pressing and so were unable to meet the current target deadlines within the report and thus why short extensions were now being requested.

The Committee agreed that when requesting extensions to deadlines that Managers should be realistic in their estimation of when an action was likely to be completed and if a longer extension was required then to request it rather than continually extending the deadlines at each meeting.

The Committee thanked the Housing Service for their efficiency in delivering a prompt response to the refugee situation and providing the necessary support.

The Internal Auditor suggested that the report be revised to include a traffic light system to make it easier for the Committee to interpret the urgency of each action.

RESOLVED:

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

25. WORK PROGRAMME 2022-23

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

The Committee discussed the mental health awareness and requested an update report on the work that was being undertaken to address staff wellbeing and mental health.

The Chief Executive advised that as part of the Council's organisational development theme, there were currently a number of work streams in place to address issues such as regarding the cost of living, which consisted of a programme of support for employees and training for Managers to enable them to identify employees within their teams that might benefit from support from the Council.

He added that all proposals for support to employees were considered by the Organisation Group, which was made up of employees from across the authority. They also had input into the types of questions that would form part of any questionnaires to the workforce.

RESOLVED:

- (a) that the work programme for 2022-23 be noted;
- (b) that the Head of Planning, Housing and Health be invited to attend the meeting on 15th November 2022;
- (c) that the Chief Executive circulate an email to Members of the Committee outlining the Council's latest position regarding engagement with employees to provide support in the current climate.

26. EXCLUSION OF PUBLIC AND PRESS AND RESTRICTION OF DOCUMENTS

Prior to moving into Part B and for the purpose of the recording and those joining the meeting virtually, the Chair read the following statement to the Committee:

"We have now reached the point in the agenda where the Committee will formally move into Part B to consider those item(s) which are not for consideration within the public domain.

At this point any members of the public or press are politely requested to leave the meeting for consideration of the remaining items on the agenda.

Following the consideration of the final two items in part b, the meeting will be officially closed by the Chair".

The Clerk was requested to stop the recording and all those attending virtually were thanked for their attendance at the meeting.

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 they involved the likely disclosure of exempt information as defined by 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 items be confirmed as “Not for Publication”.

27. CYBER SECURITY UPDATE

The Committee considered a report by the ICT Manager (circulated previously) regarding the Cyber Security Update.

The ICT Manager outlined the Council’s current cyber security position including potential costs moving forward. The highlight report outlined the work that had already been done in reducing North Devon Council’s attack surface.

The Committee asked questions and discussed the areas that were currently being focussed on by the ICT team.

RESOLVED, that the report together with the appendices attached and controls that had been put in place be noted.

28. CORPORATE RISK REGISTER

The Committee considered the Corporate Risk register report by the Head of Governance (circulated previously).

The Head of Governance took the Committee through the main highlights of the report and advised that:

- This report would be presented to the Committee on a quarterly basis.
- Each was shown with updated notes.

The Director of Resources and Deputy Chief Executive answered questions in relation to the report together with the risks identified within it.

In response to questions, the Chief Executive provided an explanation of the work that was currently being undertaken by the Council.

RESOLVED that the Corporate Risk Register be noted.

Chair

The meeting ended at 8.48 pm

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

Internal Audit

Progress Report 2022-23

Page 19
North Devon Council
Governance Committee

November 2022

Tony Rose
Head of Audit Partnership



Auditing for achievement

Agenda Item 6

Introduction

The Governance Committee, under its Terms of Reference contained in North Devon District Council's Constitution, is required to consider the Chief Internal Auditor's annual report, to review and approve the Internal Audit programme, and to monitor the progress and performance of Internal Audit.

The Accounts and Audit (Amendment) (England) Regulations 2015 introduced the requirement that all Authorities carry out an annual review of the effectiveness of their internal audit system and incorporate the results of that review into their Annual Governance Statement (AGS), published with the annual Statement of Accounts.

The Internal Audit plan for 2022-23 was presented and approved by the Governance Committee in March 2022. The following report and appendices set out the background to audit service provision and provides a position statement on the overall adequacy and effectiveness of the Authority's internal control environment.

The Public Sector Internal Audit Standards require the Head of Internal Audit to provide an annual report providing an opinion that can be used by the organisation to inform its governance statement. This report contributes to that annual opinion.

Expectations of the Governance Committee from this progress report

Governance Committee members are requested to consider:

- the assurance statement within this report.
- the basis of our opinion and the completion of audit work against the plan.
- the revised audit plan provided.
- audit coverage and findings provided.
- the overall performance and customer satisfaction on audit delivery.

In review of the above the Governance Committee are required to consider the assurance provided alongside that of the Executive, Corporate Risk Management and external assurance including that of the External Auditor as part of the Governance Framework and satisfy themselves from this assurance that the internal control framework continues to be maintained.

Tony Rose
Head of Devon Audit Partnership

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Opinion Statement

Overall, based on work performed during 2022/23 and our experience from the current year progress and previous years' audit, the Head of Internal Audit's Opinion is of "Reasonable Assurance" on the adequacy and effectiveness of the Authority's internal control framework

This opinion statement will support Members in their consideration for signing the Annual Governance Statement.

Internal Audit assesses whether key, and other, controls are operating satisfactorily within audit reviews. An opinion on the adequacy of controls is provided to management as part of each audit report.

All final audit reports include an action plan which identifies responsible officers, and target dates, to address control issues identified.

Implementation of action plans is the responsibility of management but may be reviewed during subsequent audits or as part of a follow-up process.

Directors and Senior Management are provided with details of Internal Audit's opinion for each audit review to assist them with compilation of their individual annual governance assurance statements at year end.

| | |
|------------------------------|--|
| Substantial Assurance | A sound system of governance, risk management and control exist across the organisation, with internal controls operating effectively and being consistently applied to support the achievement of strategic and operational objectives. |
| Reasonable Assurance | There are generally sound systems of governance, risk management and control in place across the organisation. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of some of the strategic and operational objectives. |
| Limited Assurance | Significant gaps, weaknesses or non-compliance were identified across the organisation. Improvement is required to the system of governance, risk management and control to effectively manage risks and ensure that strategic and operational objectives can be achieved. |
| No Assurance | Immediate action is required to address fundamental control gaps, weaknesses or issues of non-compliance identified across the organisation. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of strategic and operational objectives. |

Executive Summary of Audit Results

In support of our current assessment of Reasonable Assurance, this chart represents the opinions provided to date in our audits:



Core Financial Audits

We provide a Substantial Assurance on Housing Benefits and Council Tax. However, we provide a Limited Assurance on Debt Management given the significant amount of older debt held by the council, as well as weaknesses in the debt management process identified in our sample.

Risk Based Audits

We provided a Reasonable Assurance on Waste and Recycling, although we note the pressure the service is under due to staff shortages and equipment issues. We provide a Limited Assurance on Equality and Diversity given the council has not met the requirements of the Equality Act to provide annual equality

information. More should also be done to ensure staff periodically undertake Equality and Diversity training.

Appendix 1 to this report provides more detail on the audits delivered since the last Committee meeting with the overall assurance opinion and recommendations. Where a “substantial assurance” or “reasonable assurance” of audit opinion has been provided we can confirm that, overall, sound controls are in place to mitigate exposure to risks identified; where an opinion of “limited assurance” has been provided then issues were identified during the audit process that required attention. We have provided a summary of key issues reported that are being addressed by management. We are content that management are appropriately addressing these issues.

Counter Fraud Work

Recent assessments state that there is an epidemic of fraud cases. Fraud now account for 40% of all crimes; it is anticipated that this will further increase by 25% in the coming years ([see Fraud and the Justice System](#)). The government has responded with formation of the Public Sector Fraud Authority. Given this landscape, it is important for councils to have effective measures to reduce the risk and impact of fraud.

We continue to support the good work being undertaken by management to produce Service specific fraud risk registers to enable consideration of controls to mitigate fraud and error risks. We also intend to undertake a Fraud Risk Assessment in the next few months which we will present to Governance Committee.

There have been no reported fraud issues in the year to date. Management is aware that they can refer any suspected issues to our counter fraud team.

We have agreed with Devon County Council that they will fund an exercise to review the Single Person Discounts claimed by individuals. We are progressing with DCC procurement.

Risk Management

We plan to undertake a review of the council’s risk management arrangements in January / February 2023. We will also support a risk management workshop to members and lead officers when convenient to improve understanding in this area.

Value Added

It is important that the internal audit service seeks to "add value" whenever it can. We consider internal audit activity has added value to the organisation and its stakeholders by:

- Providing objective and relevant assurance.
- Contributing to the effectiveness and efficiency of the governance, risk management and internal control processes.
- Adjusting the audit plan when needed to provide real time assurance, such as on Safe staff operations during this emergency.
- Comparing and contrasting controls across the different Devon Councils that we support.

Audit Coverage and Performance Against Plan

We have made reasonable progress to deliver the 2022-23 audit plan, with only 36% of the plan yet to be started. Currently, we expect to complete most of the audit plan by the year end.

Key performance indicators

We report delivery against our performance indicators in our annual report.

Progress to implement our audit recommendations are monitored and managed by the Authority.

Customer Satisfaction

We have received the following satisfaction returns this year:

| Audit | Marking |
|-------------------|----------------|
| Safeguarding | Very Satisfied |
| Health and Safety | Satisfied |
| Security | Very Satisfied |
| Climate Change | Satisfied |

Appendix 1 – Summary of audit reports and findings for 2022-23

| Audit and Assurance Opinion | Summary, risk exposure and management actions | Summary of Actions High / Med / Low | | | Direction of Travel Assurance* |
|---|--|--|---|---|---|
| <p>Housing Benefits</p> <p>Substantial Assurance</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 25</p> | <p>We found a strong control framework with effective controls to mitigate against the risks identified to enable us to provide a Substantial Assurance. Sample testing undertaken confirmed the effective operation of the controls in place.</p> <p>The amount of quality assurance checks has increased since our last review and is now at a good level thereby providing additional assurance for management. The percentage of claims subject to quality assurance checks has been increased to 7 to 9% of claims, from the level found in our last audit review of 2% to 4.5%, when the Covid-19 pandemic severely impacted upon the resources available and the requirement for staff to undertake other priority tasks.</p> <p>Controls around system access continue to be appropriate with a new user requiring the necessary authorisation to be set up in the first instance. Periodic password changes are enforced along with a set number of invalid log on attempts being allowed before system access is revoked.</p> <p>In our sample testing of a selection of benefit claims all the necessary requirements were found to have been met; claim forms date were stamped on receipt and documentary evidence (tenancy agreement, pension details, income / wages details) was available supporting the claims made.</p> <p>Analysis of time to process Housing Benefit claims show a result of 25.9 days for the 2021/22 financial year. This compares against the council target of 28 days and compares well to other councils.</p> <p>We tested a sample of overpayments and found no issues regarding calculation of the applicable start and end dates for the period of overpayment or with the correct calculation of the overpayment.</p> | 0 | 1 | 0 |  |

Council Tax

Substantial Assurance

The audit found a strong control framework with effective controls to mitigate against the risks.

All the necessary processes, procedures, precept information, reporting and approvals required to set the council tax rate by the given date in early 2022 were undertaken within the relevant timescales. The production and subsequent issue of the Council Tax and Non-Domestic Rating annual bills for 2022/23 financial year took place by the scheduled dates which allowed timely collection of the first Direct Debit instalment in accordance with the collection timetable.

Collection rates for Council Tax and NDR reported to Strategy & Resources Committee on 4 July 2022 showed the percentage achieved for the 2021/22 financial year slightly higher than those attained in the 2020/21 financial year (96.87% versus 95.98%), against a target of 97.5%.

Sample testing a selection of changes made by the Valuation Office Agency to the Valuation Lists showed prompt and accurate update of relevant databases; with evidence retained to show ongoing reconciliation between the two sets of records.

Diversion of resources to deal with government initiatives over the last couple of years has meant unavailability of adequate resource to action National Fraud Initiative reports upon 'Single Person Discounts' and 'Rising 18s'. We make a recommendation for increased focus on dealing with the NFI matches that occur. That said, Revenues do undertake their own testing of 'Rising 18s' through access to the North Devon electoral register.

Annual system parameter data changes are necessary due to new agreed updated amounts entered upon the system. The expected check and authorisation controls relating to this exercise were in place. Sample testing a selection of changes found no issues.

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Waste and Recycling

Reasonable Assurance

Page 27

The Devon and Torbay Waste Management Strategy of February 2021 details local council targets including an increase by households recycling to more than 60% by 2030 (c.50% currently), then 65% by 2035. A reduction in food waste by 20% by 2025 (from 2015 baseline figures) and to reduce the waste collected (per head) to 400Kg per annum by 2030. The council is part-way through several initiatives to ensure that NDC meets these targets. Assuming that effective action is taken on baler capacity, reorganisation of the process hall and driver numbers, we consider the 2025 target is achievable, although there is a need for an Action Plan to meet it.

The service is extremely busy. Challenges include impacts from the pandemic and other issues, vehicle maintenance contract change, supply chain issues and a nationwide skilled driver shortage. Staff resources continue to be stretched in some roles, with a resultant impact on customer service and cancelled collection rounds. Collection routes need to be more efficient, and the process hall needs modernisation to cope with the current and future demands. The fleet should also become more reliable as older vehicles are replaced, and issues with the maintenance contract with SFS resolved.

It has recently been decided to end a long-standing trial of 3-weekly interval black bin/bag collections and weekly unlimited recycling collections for 3,500 customers. This may cause some criticism or reduced recycling rates but is seen as necessary to cope with the current driver shortage.

The recycling baler is operating at capacity. When breakdowns occur (an ongoing issue due to age of the baler), storage space is quickly used up with collected waste, with impact on operations. Waste may also be diverted to other commercial providers. Additional resources are then required to process the backlog when the baler is fixed. This has been a council risk first identified in February 2019. We understand three quotes are being obtained to hire a baler replacement through the standard tender process as a short-term trial.

Complaint handling is consistently good across the sample we examined, although mechanical breakdowns and staff shortages through sickness and Covid 19 featured significantly, lowering efficiency, and delivery standards. However, there was no systematic process to assess the public's view on the service provided.

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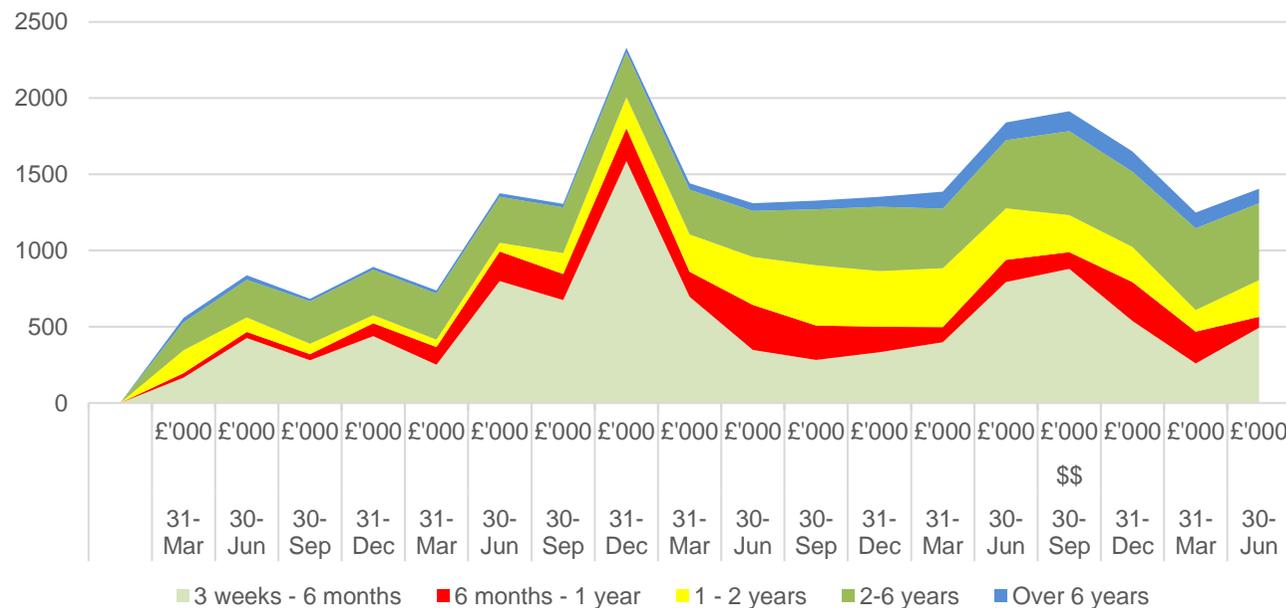
Debtors

Limited Assurance

Our audit of August 2021 identified total debt of £1.386m (31 March 2021). Our review has found that debt levels remain high (£1.249m on 31 March 2022), including a significant proportion of debt aged from 2 to 6 years (see the table below). Efforts over the last year to reduce the level of debt appear successful when comparing the last two quarters reported against the same quarter the previous year with reductions of £137k (Q4) and £436k (Q1) achieved. However, more aged outstanding debt remains high especially debt related to Housing client deposits, and Housing Deposit cases, where further attention is needed.

We also reviewed specific cases of debt management and identified instances where debt had not been chased systematically. Given the remaining high level of debt we provide an overall Limited Assurance Opinion.

Table 1 - Stratification of Outstanding Sundry Debtors by Age



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Equality and Diversity

Limited Assurance

Page 29

The council has a clear commitment to Equality and Diversity (E&D) in the Equality and Diversity Strategy 2019-23, and the current Chief Executive has emphasised its importance since arriving in post. While recognising the significant work being undertaken to provide E&D training and awareness, we provide a Limited Assurance as the council is not meeting the requirement in the Equality Act to provide annual equality information. While this has been recognised in the Annual Governance Statement, this still needs to be addressed. Work is also needed on internal E&D related to HR policies, and the monitoring of training provided to each officer.

E&D training has been provided to some managers, staff, and members. When officers join the council, they have induction training including on E&D. HR also provides specific training in topical areas such as financial management and basic budgeting. However, the council has no policy detailing the specific E&D training that all need to undertake and how often. There is also limited monitoring that E&D training is undertaken regularly by all staff. The council only has a list of the training attended for courses provided up to March 2021. It is the standard in public organisations that officers undertake E&D training every few years, and this applies particularly to managers and those involved in recruitment.

Equality Impact Assessments are undertaken on key council policies / strategies to assess the impact on specific groups and actions required. There is good focus on ensuring the council website and documents are “accessible”. However, annual equality information relating to the council workforce and local area is not being published, which is a requirement of the Public Sector Equality Duty. The council also does not have full information on the current makeup of its workforce, other than detail on the gender pay gap and age bands by service area. This makes it difficult for it to move towards a more diverse workforce, which is an aim detailed in the Strategy.

A range of strategies / policies are held related to Equality and Diversity and related subjects. These appear to us to be fit for purpose; but many have not been reviewed for some years. A structured process to review and update these documents is needed. This will include review of the Strategy which is due to complete in 2023.

There is only limited understanding / analysis of the reason for staff leaving the council. More needs to be done to ensure Exit interviews are held and the reasons for departure captured. “

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* Direction of Travel Assurance Key

Green – action plan agreed with client for delivery over an appropriate timescale.

Amber – agreement of action plan delayed, or we are aware progress is hindered.

Red – action plan not agreed, or we are aware progress on key risks is not being made.

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North Devon District Council Audit Progress Report and Sector Update

Year ending 31 March 2022

25 October 2022

Page 31



Agenda Item 7

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| Audit Deliverables | 6 |
| Sector Update | 7 |

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction

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This paper provides the Governance Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

Members of the Governance Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications www.grantthornton.co.uk

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

Progress at October 2022

Financial Statements Audit

The Accounts and Audit Regulations 2015 were amended by SI 2021 No. 263. The Department for Levelling Up, Housing and Communities (DLUHC) previously stated their intention to introduce secondary legislation to extend the deadline for publishing audited local authority accounts to 30 November 2022 for the 2021/22 accounts.

This was enacted by The Accounts and Audit (Amendment) Regulations 2022 (SI 2022 No. 708) that came into force on 22 July 2022. The deadline for publishing audited local authority accounts for 2021/22 is extended to 30 November 2022 and thereafter changed to 30 September for years up to 2027/28.

As set out in our Audit Findings report dated 15 September 2022 presented to the Governance Committee on 26 September 2022, our financial statements audit is substantially complete.

In our report we set out that we were completing our procedures in the following areas:

- Finalisation of our analytical procedures;
- Receipt of the letter of assurance from the Devon County Pension Fund Auditor;
- Completion of our work on Property, Plant and Equipment and Investment Property valuations;
- Completion of our work on Property, Plant and Equipment disposals, and additions;
- Completion of our work on our creditors sample testing;
- Completion of our work on provisions;
- Completion of our work on the collection fund;
- Completion of our work on leases;

- Completion of our work on grant income;
- Completion of our work on payroll and remuneration disclosures;
- Final review by the Manager and Engagement Lead on outstanding work;
- Receipt of management representation letter;
- Review of the final set of financial statements; and
- Completion of our subsequent events review.

Since presenting our findings, good progress has been made and as at 25 October 2022 the following procedures remain outstanding:

- Receipt of the letter of assurance from the Devon County Pension Fund Auditor; and
- Completion of our work on Property, Plant and Equipment (OLB) valuations.

On completion of these procedures we anticipate issuing an unqualified opinion ahead of the 30 November 2022 deadline.

Progress at October 2022 (cont.)

Value for Money

The new Code of Audit Practice (the “Code”) came into force on 1 April 2020 for audit years 2020/21 and onwards. The most significant change under the new Code was the introduction of an Auditor’s Annual Report, containing a commentary on arrangements to secure value for money and any associated recommendations, if required.

The new approach is more complex, more involved and is planned to make more impact.

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies auditors are required to issue our Auditor’s Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay. This letter was issued to the Chair of the Governance Committee in September 2022.

As a result of the ongoing pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation. The extended deadline for the issue of the Auditor’s Annual Report is now no more than three months after the date of the opinion on the financial statements.

Our VFM assessment is in progress and we anticipate issuing our Auditor’s Annual Report within the NAO timescales.

In our Audit Findings report dated 15 September 2022 we set out that we had completed sufficient work on the potential significant weakness in arrangements reported in our 21 April 2022 Audit Plan to conclude that there was no significant weakness in relation to the Council’s Commercialisation Strategy.

Our work to date has not identified any significant risks of weaknesses in arrangements.

Other areas

Certification of claims and returns

We certify the Council’s annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions (DWP).

In line with 2020/21 the DWP have extended the deadline for this work for 2021/22 until 31st January 2023.

Our detailed testing is planned to take place in January 2023.

As part of our financial statements audit we have already completed a number of the required modules set out under the certification guidance.

In addition we have agreed with officers the testing required to address prior year findings, and this work is currently in progress.

We have no matters to bring to your attention at this stage.

Meetings

We met with Finance Officers in October as part of our regular liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

Audit deliverables 2021/22

| 2021/22 Deliverables | Planned Date | Status |
|---|-----------------|--|
| <p>Accounts Audit Plan</p> <p>We are required to issue a detailed audit plan to the Governance Committee setting out our proposed approach in order to give an opinion on the Council's 2021/22 financial statements.</p> | June 2022 | Complete. |
| <p>Interim Audit Findings</p> <p>We will report key findings from our interim audit within our Progress Report.</p> | June 2022 | Complete. |
| <p>Audit Findings (ISA260) Report</p> <p>The Audit Findings Report will be reported to the September Governance Committee.</p> | September 2022 | Complete. |
| <p>Auditor's Annual Report</p> <p>The key output from local audit work on arrangements to secure VFM is an annual commentary on arrangements, which will be published as part of the Auditor's Annual Report (AAR). The final version of the AAR will be published in line with the timescales to be set out by the National Audit Office. The AAR must be published on your website in line with LG requirements.</p> | September 2022* | This work will be completed and reported within the NAO timescales. |
| <p>Auditor's Report</p> <p>This will include our opinion on your financial statements and our other reporting requirements, as set out in 'The auditor's statutory responsibilities' section of this report.</p> | September 2022 | Subject to the completion of our final procedures we propose to issue our audit report ahead of the 30 th November 2022 deadline. |
| <p>Certification of the Council's Housing Benefit return</p> <p>We certify the Council's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions (DWP). The deadline for this work is 31 January 2022.</p> | January 2023 | Not yet due. |

* We also currently understand that, as in 2021, the deadline for completing the VFM work and issuing the Annual Auditors Report will be de-coupled from the main financial statements audit and, again, will need to be completed within three months of the financial statements audit opinion being issued. We will ensure that any changes to the timetable are discussed with Management and your delivery timescales are agreed.

Sector Update

Authorities continue to try to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Local
government

Response to local audit consultation – Department for Levelling Up, Housing and Communities (“DLUHC”)

The Department for Levelling Up, Housing and Communities (“DLUHC”) has published its response to the local audit consultation. This follows the “Redmond Review”, which reported in September 2020.

The response confirms plans to establish a new regulator, the Audit Reporting and Governance Authority (ARGA), as the system leader for local audit within a new, simplified local audit framework.

Ahead of ARGA’s establishment, a shadow system leader arrangement will start at the Financial Reporting Council (FRC) from September 2022.

The consultation response also announces:

- Plans to make audit committees compulsory for all councils, with each audit committee required to include at least one independent member. This will create greater transparency and consistency across local bodies.
- ARGA will take over statutory responsibility for preparing and issuing the Code of Audit Practice (from the National Audit Office).
- A post-implementation review of the new Value for Money arrangements. The Code is a key part of the local audit system, and it is important to ensure that it helps to facilitate effective local audit. To allow time for the new arrangements to bed in the response proposes this is completed within three years.

The full response can be found here:

[Government response to local audit framework: technical consultation - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/government-response-to-local-audit-framework-technical-consultation)



Levelling up White Paper – Department for Levelling Up, Housing and Communities (“DLUHC”)

On 2 February the Department for Levelling Up, Housing and Communities (“DLUHC”) published its Levelling Up White Paper.

The paper states “Levelling up requires a focused, long-term plan of action and a clear framework to identify and act upon the drivers of spatial disparity. Evidence from a range of disciplines tells us these drivers can be encapsulated in six “capitals”:

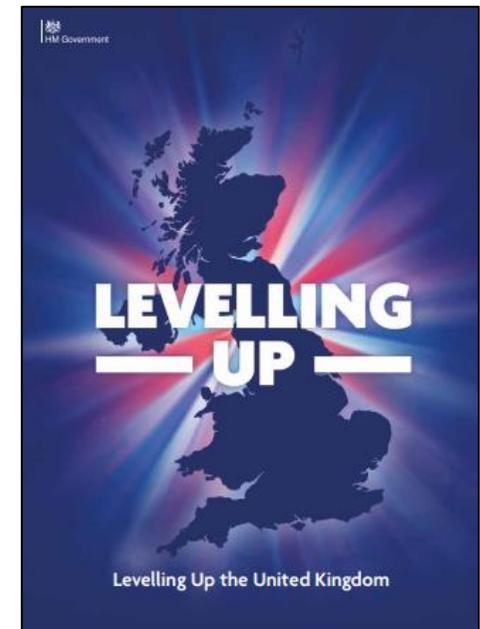
- Page 39
- Physical capital – infrastructure, machines and housing.
 - Human capital – the skills, health and experience of the workforce.
 - Intangible capital – innovation, ideas and patents.
 - Financial capital – resources supporting the financing of companies.
 - Social capital – the strength of communities, relationships and trust.
 - Institutional capital – local leadership, capacity and capability.”

The paper also states “This new policy regime is based on five mutually reinforcing pillars.” These are set out and explained as:

- 1) The UK Government is setting clear and ambitious medium-term missions to provide consistency and clarity over levelling up policy objectives.
- 2) Central government decision-making will be fundamentally reoriented to align policies with the levelling up agenda and hardwire spatial considerations across Whitehall.

- 3) The UK Government will empower decision-makers in local areas by providing leaders and businesses with the tools they need.
- 4) The UK Government will transform its approach to data and evaluation to improve local decision-making.
- 5) The UK Government will create a new regime to oversee its levelling up missions, establishing a statutory duty to publish an annual report analysing progress and a new external Levelling Up Advisory Council.

[Levelling Up the United Kingdom - GOV.UK](https://www.gov.uk/levelling-up)
(www.gov.uk)



The Value of Internal Audit – CIPFA

One of the key elements of good governance is an independent and objective internal audit service. Some organisations engage fully and reap significant benefits from the assurance, insight and expertise they bring whilst others pay lip-service to them and see their work as an administrative burden.

CIPFA's recent report, Internal Audit: Untapped Potential, lifts the lid on internal audit in public services. For some chief financial officers and chief executives, this report confirms the value and contribution of internal audit teams with 87% of respondents recognising the contribution internal audit makes to their organisation. However, some leadership teams saw internal audit as providing a basic service at minimal cost.

Getting the most out of the function requires honest conversations and long-term planning. Maintaining appropriate skills and knowledge within the function is necessary to ensure high quality internal audit in public services are retained.

Culture and governance

The Audit Committee should monitor the delivery of internal audit and their output will be a key part of the annual work-plan. However, internal audit is not a substitute for risk management and should enhance the overall assurances received by management. Executives and Officers should engage with internal audit recommendations to ensure the organisation gains maximum value from reviews.

Capacity

Reducing internal audit days can lead to a lack of 'corporate grip' and not identifying issues at an early stage. This report raises concerns over the capacity of internal audit across the public sector. The profession needs to be valued and invested in to make it more attractive to new blood and for bodies to be able to attract the best candidates to their service.

Expectations

To maximise the impact of internal audit, a clear and aligned strategic audit plan and annual audit plan should be in place. This should be agreed with all stakeholders.

Future plans

Internal audit needs to adapt to the changing landscape, including risks such as climate change, digital and technological developments, cyber-security and ongoing financial and service pressures within their planning processes. For financial resilience and medium- and long-term financial strategies internal audit can provide vital independent assurance to decision makers to allow them to take on more risk and be more ambitious. Leadership teams need to be clear on what assurances they will require going forward.

For more information, [Rob Whiteman](#) share his views on this report.



Good practice in annual reporting – NAO

The National Audit Office (NAO) has published this guide which sets out good practice principles for annual reporting with examples from public sector organisations

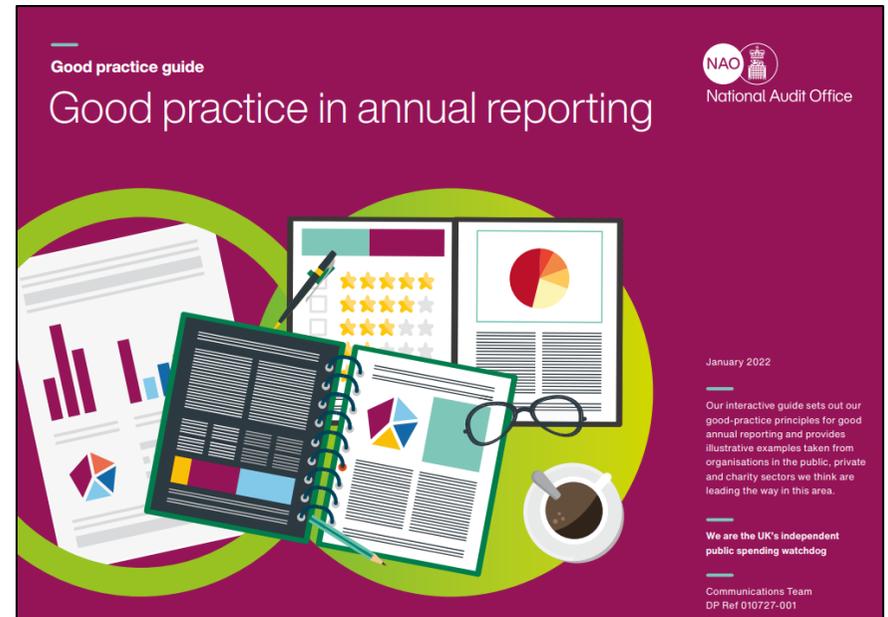
The NAO comment that the guide sets out “good-practice principles that we believe underpin good annual reporting. These principles are: Supporting Accountability; Transparency; Accessibility; and the need for the report to be Understandable.”

The NAO further comment “The best annual reports we have seen use these principles to tell the “story” of the organisation. It is important that stakeholders, including the public and Parliament, are able to hold an organisation to account. To do this effectively, stakeholders need to properly understand the organisation’s strategy, key risks that might get in the way of delivering this strategy and the effectiveness of their management, and the amount of taxpayers’ money that has been spent to deliver the outcomes the organisation seeks to achieve.”

The guide draws on examples of good practice from within each of the six sections of an Annual Report:

- Strategy
- Risk
- Operations
- Governance
- Measures of success
- Financial performance
- External factors

Although the guide does not include any local authority examples, those included, and the underlying principles, are equally relevant to all public facing organisations.



The guide can be found here:

[Good practice in annual reporting - National Audit Office \[NAO\] Report](#)

Audit and Risk Assurance Committee effectiveness tool – NAO

The National Audit Office (NAO) has published this tool which supports Audit Committees in assessing their effectiveness.

The NAO comment “Audit and Risk Assurance Committees (ARACs) play a crucial role in supporting the effective governance of central government departments, their agencies and arm’s-length bodies.

ARACs are operating in a highly challenging context. Government organisations are managing many short- and long-term risks and are required to be resilient to a number of pressures. This has created an environment where ARACs need to be dynamic and responsive to the changing risk profiles and demands of their organisations. ARACs can see this as an opportunity to work out how they can most proactively work with the Board and accounting officer.

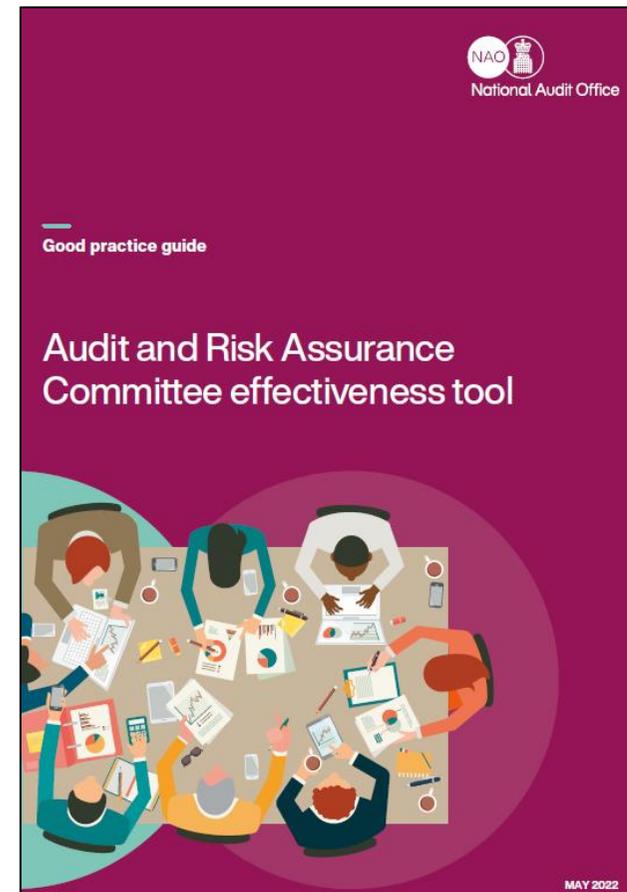
Against this background, the NAO’s effectiveness tool provides a way for ARACs to assess their effectiveness against more than just the basic requirements. It provides aspects of good practice to give ARACs greater confidence and the opportunity to meet the requirements of their role.

The NAO’s effectiveness tool is a comprehensive way for ARACs to assess their effectiveness on a regular basis.”

The tool covers:

- Membership, independence, objectivity and understanding
- Skills and experience
- Roles and responsibilities
- Scope
- Communication and reporting

Although the tool is designed for central government Audit Committees it is also relevant to local government.



The guide can be found here:

[Audit and Risk Assurance Committee effectiveness tool - National Audit Office \(NAO\) Report](#)

Guide for audit and risk committees on financial reporting and management during COVID-19 – NAO

The National Audit Office (NAO) has published this guide which aims to help audit and risk committee members discharge their responsibilities in several different areas, and to examine the impacts on their organisations of the COVID-19 outbreak

The NAO comment “Audit and risk committees are integral to the scrutiny and challenge process. They advise boards and accounting officers on matters of financial accountability, assurance and governance, and can support organisations, providing expert challenge, helping organisations focus on what is important, and how best to manage risk.

Each organisation will have existing risk management processes in place, but risk appetite may have changed as a result of COVID-19, for the organisation to operate effectively and respond in a timely manner. This may result in a weakening of controls in some areas, increasing the likelihood of other risks occurring. Organisations will need to consider how long this change in risk appetite is sustainable for.”

The guide includes sections on:

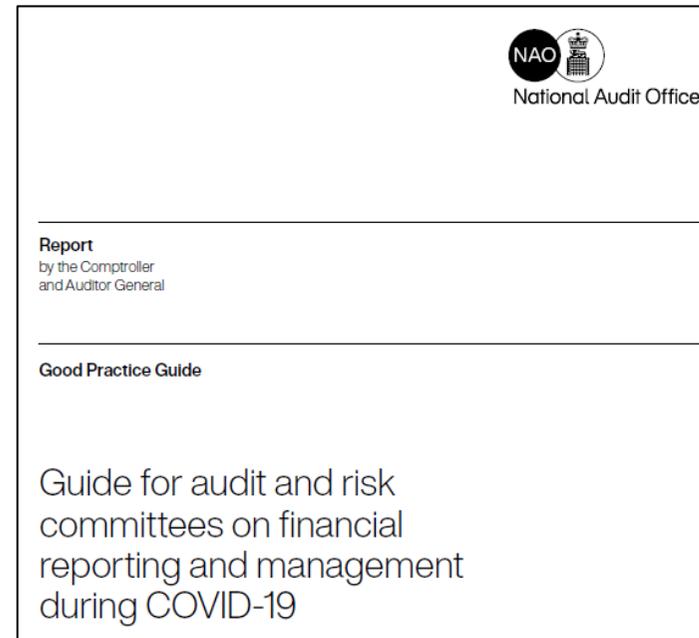
- Annual reports
- Financial reporting
- The control environment
- Regularity of expenditure

The guide can be found here:

<https://www.nao.org.uk/report/guidance-for-audit-and-risk-committees-on-financial-reporting-and-management-during-covid-19/>

The guide includes a number of key questions covering areas such as:

- Property valuations
- Pension scheme valuations
- Completeness of liabilities
- Events after the reporting period
- Control environment
- Fraud and error





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NORTH DEVON COUNCIL

Report Date: 15th November 2022

Topic: **AUDIT RECOMMENDATION TRACKER**

Report by: CHIEF EXECUTIVE

1 Introduction

1.1 This is the regular progress report to the Committee in relation to action taken to address internal and external audit recommendations.

2 Recommendations

2.1 That the Committee note the actions that have been taken to address identified risks since The 26th September 2022 Governance Committee meeting.

2.2 That the Committee raises any areas of concern arising from the list of outstanding recommendations.

3 Reasons for Recommendations

3.1 To give assurance to the Committee that audit recommendations are being actively managed, and to give the Committee a full opportunity to review any areas of concern.

4 Report

4.1 SMT has reviewed the high and medium risk audit recommendations to assess progress and instigate any required actions.

4.2 Since the last meeting the number of recommendations has risen to 1,374.

Table A) Live Audit Reports, Status & Numbers

| Code | Title | Status | Progress | High Risk | Medium Risk | Low Risk |
|------------|--|---------------|----------|-----------|-------------|----------|
| 16 PL | Planning Applications 2015/16 | ▶ In Progress | 82% | 0 | 3 | 0 |
| 19 GDPR | General Data Protection Regulations 2018/19 | ● Overdue | 95% | 0 | 0 | 7 |
| 20 BC | Business Continuity 2018/19 | ▶ In Progress | 95% | 3 | 1 | 0 |
| 20 MCS&BC | Main Accounting System & Budgetary Control 2020/21 | ▶ In Progress | 50% | 1 | 1 | 0 |
| 20 C | Creditors | ▶ In Progress | 65% | 0 | 3 | 0 |
| 21 SC-19 O | Safe Covid-19 Operations 2020/21 | ▶ In Progress | 93% | 2 | 5 | 0 |
| 21 CSM&R | Cyber Security – Malware & Ramsonware April 2021 | ▶ In Progress | 68% | 8 | 9 | 3 |
| 21 Pro | Procurement 2020/21 | ▶ In Progress | 95% | 0 | 7 | 1 |
| 21 CCG | Climate Change Governance | ▶ In Progress | 65% | 0 | 3 | 1 |
| 21 D | Debtors August 2021 | ▶ In Progress | 90% | 0 | 2 | 3 |
| 21 P | Payroll 2020/21 | ▶ In Progress | 78% | 0 | 9 | 6 |
| 21 H&S | Health & Safety 2021/22 | ▶ In Progress | 83% | 0 | 7 | 2 |
| 22 EPCC | Emergency Planning Civil Contingencies 2021/22 | ▶ In Progress | 56% | 0 | 4 | 0 |
| 22 FUBCM | Follow Up Business Continuity Management 2021/22 | ▶ In Progress | 87% | 6 | 3 | 0 |
| 22 L | Licencing 2021/22 | ▶ In Progress | 25% | 0 | 1 | 0 |
| 22 P | Planning Oct 2021 | ▶ In Progress | 0% | 0 | 2 | 1 |
| 22 S | Safeguarding Feb 2022 | ▶ In Progress | 32% | 0 | 5 | 0 |
| 22 C&C | Contracts & Commissioning 2021/22 | ▶ In Progress | 0% | 0 | 2 | 1 |
| 22 CCG | Climate Change Governance | ▶ In Progress | 0% | 0 | 7 | 3 |
| 22 GM | Grounds Maintenance | ▶ In Progress | 42% | 0 | 5 | 0 |
| 22 MA | Members Allowances | ▶ In Progress | 33% | 0 | 1 | 2 |
| 22 PAY | Payroll | ▶ In Progress | 33% | 0 | 1 | 1 |
| 22 S | NDC Security | ▶ In Progress | 12% | 0 | 4 | 1 |
| 22 W&R | Waste & Recycling 2022/23 | ▶ In Progress | 0% | 1 | 2 | 1 |

| Code | Title | Status | Progress | High Risk | Medium Risk | Low Risk |
|------|-------------------|---|----------|-----------|-------------|----------|
| 22 D | Debtors June 2022 |  In Progress | 0% | 0 | 6 | 0 |

Table B: Audit recommendations setting completed since the last Governance Committee

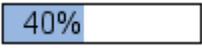
| Recommendation | Closure Note | Original Due Date | Completed Date |
|---|--|-------------------|----------------|
| 20 CC 02 Copy of PCI Completed SAP | Our two main IP addresses passed the PCI scan in August 22. A PCI policy has been approved and training has been arranged for all staff taking card payments. PCI is included on the corporate risk register which will pick up any further actions required. | 31-Mar-2022 | 03-Nov-2022 |
| 21 D 05 SMT should co-ordinate effective action to reduce the level of debt by reviewing aged sundry debtors, setting targets and quantify the risk relating to housing deposits. | Outstanding debt had reduced by £436k in quarter 1 22/23 compared to the same quarter in the previous financial year. A presentation on the Housing Deposits Scheme was received by the Chief Executive, Director of Resources & Deputy Chief Executive and Head of Governance outlining improvements to the scheme. Currently awaiting next Internal Audit report on debt recovery, which is focusing on debts over 1 year. | 30-Apr-2022 | 13-Sep-2022 |

| | | | |
|--|---|--------------------|--------------------|
| <p>21 H&S 07 All risk assessment logs should be reviewed to ensure that those risk assessments overdue for review are refreshed</p> | <p>PAC and the Graduates did start to look at all the RAs but were not best placed to review them or to decide if they were still relevant or not. Having discussed the number of RAs in W&R with Managers it was decided that all were relevant and to reduce the number of them might mean that some risks were not covered. Managers of Service areas need to be responsible for the maintenance, review and updating of their risk assessments. Email reminders have been sent to Middle Managers and the next reminder email is due Dec 2022. PAC has created YouTube video of the Risk Assessment Power Point, and the link was emailed out to all Middle Managers on 31/10/22. A My Insite Quiz will be created, and all Middle Managers will be required to complete the quiz by way of showing that they have watched the Power Point and have understood the content. This will be done in the next few days. It is going to be an ongoing issue for Managers to review and refresh their RAs, I am therefore signing this action off as completed.</p> | <p>31-Jan-2022</p> | <p>02-Nov-2022</p> |
| <p>21 P 02 Develop an action plan to direct Procurement to include larger scale procurements to the team can be resources to secure value for money</p> | <p>Procurement has been restructured into wider Legal Team, with dedicated Procurement Officer and Support Officer post. Procurement is also supported by the PMO team for some of the large projects</p> | <p>31-Dec-2021</p> | <p>31-Oct-2022</p> |
| <p>21 P 03 Add additional guidance in the Council regulations related to compliance with procurement regulations & the need to report & investigate instances where these have not been followed</p> | <p>Constitution has been updated accordingly</p> | <p>31-Oct-2021</p> | <p>31-Oct-2022</p> |

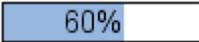
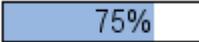
| | | | |
|---|---|-------------|-------------|
| 21 P 04 The process to approve Waivers should be reviewed to ensure there is reasonable review & scrutiny of those issued | The process for waivers has been reviewed and is now on Moderngov. The list of waivers will be reviewed by SMT | 30-Nov-2021 | 03-Nov-2022 |
| 21 P 05 Clearer guidance related to the use of procurement waivers should be provided in Council regulations, which would replace the current Contract Procedure Rules Section 4.1 - 4.4 and 12.1-12.2: | The constitution has been updated accordingly | 30-Nov-2021 | 31-Oct-2022 |
| 21 P 07 To include clear guidance in the Constitution related to breaches of Contract Procedures | The constitution has been updated | 31-Oct-2021 | 31-Oct-2022 |
| 21 PO 02 Copy of Further work to be undertaken to improve the management information available to support regular review of PCN collection rates to support improvements to processes where necessary | Work complete along with datasets - data shows collection rates are up and cancelled/written off PCN's are showing a downward trend. | 31-Oct-2022 | 02-Nov-2022 |
| 22 EPCC 04 An Exercising & Testing Strategy will be developed to incorporate the Organisational | Due to Operation London Bridge this was slightly delayed albeit now signed off. On 26 September a pilot exercise was run with EH Managers, and therefore SMT signed off on the 3 October 2022. The intention is to roll out | 10-Oct-2022 | 19-Oct-2022 |

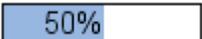
| | | | |
|---|---|--|--|
| Emergency Plans & Business Continuity Plans | the Play Book and Schedule through managers with the aim to complete one exercise before Christmas. | | |
|---|---|--|--|

Table C: Outstanding Audit Recommendations where Head of Service have requested a revision to the due date

| Code | Description | Progress | Latest Note | Original Due Date | Due Date |
|--------------------------|--|--|--|-------------------|-------------|
| 20 C 02 MEDIUM RISK | Ensure Purchase Orders are raised before goods and services are ordered |  | 03-Nov-2022 Accountants are discussing purchase orders with budget holders as part of the revenue monitoring meetings. Time extension requested to 31st July 2023 to monitor any improvements | 31-Dec-2021 | 31-Oct-2022 |
| 21 H&S 05 MEDIUM RISK | 21 H&S 05 Officers responsible for recording fire alarm tests, emergency lighting, firefighting equipment & signage have refresher training on the procedures & frequency necessary. |  | 28-Oct-2022 27/10/22- latest update: BEC- Paul- sorted LH- need to catch up with Nick- we have a FRA meeting soon was going to do then Woodlands- Ethan- sorted Museum- David- sorted Castle Lodge- Ian - sorted Pannier- Discussed a few weeks ago with Simon/ Hannah, so should be sorted now. Request revised due date: 31st December 2022 | 31-Jan-2022 | 30-Sep-2022 |

Page 51

| | | | | | |
|---|---|--|--|--------------------|--------------------|
| <p>21 P 01 MEDIUM RISK</p> | <p>Consider how it will be taking forward the actions in the Procurement Strategy, perhaps for inclusion in the Action Plan</p> |  | <p>03-Nov-2022 Procurement has now been restructured with the Legal Team and a new Procurement Officer has been appointed. The Procurement Working Group has been re-established and will now pick up the action plan. Time extension requested 31st March 2023</p> | <p>31-Dec-2021</p> | <p>31-Oct-2022</p> |
| <p>Page 52 22 EPCC 01 MEDIUM RISK</p> | <p>Develop an overarching response & Recovery plan to support the DEPP Plans.</p> |  | <p>19-Oct-2022 Operation London Bridge and Avian Influenza has caused a delay to the implementation of this area of work, due to reduced capacity of the Emergency Planning Officer. Work intended to be provided now in revised timeframe (which allows for pre-booked leave and new community impact assessment) for year end. Request extension date: 31st December 2022</p> | <p>31-Jul-2022</p> | <p>17-Oct-2022</p> |
| <p>22 EPCC 02 MEDIUM RISK</p> | <p>Once relevant risks from all sources have been collated, analysis of current plans & identification of any gaps in the planning process where further plans or mitigations would be beneficial</p> |  | <p>19-Oct-2022 National Security Risk Assessment has been delayed so we do not wish to pursue this piece of work based upon out of date data. It is due for 'imminent release' (described by Govt representative) after which the LRF risk working group will meet to determine the relevance of each risk and formulate the community risk register</p> | <p>30-Sep-2022</p> | <p>30-Sep-2022</p> |

| | | | | | |
|---|---|--|---|-------------|-------------|
| | | | which will feed into this piece of work. Based upon perceived timings of the above (likely meeting in early 2023), it is requested that an extension be provided until June 2023. | | |
| <p>Page 53</p> <p>22 EPCC 03</p> <p>MEDIUM RISK</p> | <p>Provide to all members an awareness session based on LGA Guidance 'Role of Councillors in Civil Emergencies' plus capture the role of member within NDCs Response & Recovery Plan.</p> |  | <p>19-Oct-2022 Due to unfortunate circumstances, during (around half way through) the delivery of the awareness session for members, an announcement was made of the death of the Queen, which invoked the Council's London Bridge Plan. It is now intended that the presentation be emailed to all members to complete at home and a 'mop up' session will be scheduled to answer any outstanding questions and to allow the Environment Agency and Devon Communities Together to present on community resilience and flood risk (this element was not subject to the audit).</p> <p>Proposal to extend until the 1 December 2022 to email with instructions for members.</p> | 30-Sep-2022 | 30-Sep-2022 |
| <p>22 S 04</p> <p>MEDIUM RISK</p> | <p>Review to ensure that correct level of vetting takes place for appropriate roles at NDC</p> |  | <p>04-Nov-2022 NDC are now registered with DCC to carry out our DBS checks for new and existing staff where appropriate. Managers are being contacted to help to</p> | 30-Sep-2022 | 30-Sep-2022 |

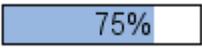
| | | | | | |
|------------------------|---|--|--|-------------|-------------|
| | | | identify those reporting to them who may require a DBS to be actioned | | |
| 22 S 06 MEDIUM RISK | Section 11 Assurance Statement to be made as soon as possible |  | 02-Nov-2022 Request of extension to 31st December 2022 due to awaiting password from DCC. Email chasing password has been sent again today. | 30-Jun-2022 | 30-Sep-2022 |

Table D: Outstanding Audit Recommendations

Page 54

| Code | Description | Progress | Latest Note | Original Due Date | Due Date |
|------------------------|--|---|-------------|-------------------|-------------|
| 22 P 02 MEDIUM RISK | Learning a lesson from obtaining consultee responses should be replicated for the whole consultee list |  | | 30-Sep-2022 | 30-Sep-2022 |

Agenda Item 8

5 Progress tracking of Annual Governance Statement

- a. An annual review of NDC’s governance arrangements leads to the Annual Governance Statement, which forms part of the Statement of Accounts.
- b. In addition to any other issues the review captures recommendations from external and internal audit and inspections and sets out an action plan. This plan is tracked through Covalent; Table E below.

6 Constitution Context

| Appendix and paragraph | Referred or delegated power? |
|------------------------|------------------------------|
| 5.5 | Delegated |

7 Statement of Internal Advice

- c. The author (below) confirms that advice has been taken from all appropriate Councillors and officers.

Author: Sarah Higgins Date: 4th November 2022

Reference: Audit Recommendation Report November 2022 V1.0

Table E: Annual Governance Statement 2020/21 Recently Completed Actions, Request for Revised Due Date and Overdue

| Code | Description | Status | Progress Bar | Latest Note | Original Due Date | Due Date |
|-----------|--|----------|--------------|---|-------------------|-------------|
| 21 AGS 01 | Training on the Members' Code will need to be provided again by the new Head of Governance | Complete | 100% | 16-Feb-2022 Training was provided to Members on 20th January 2022 by the Monitoring Officer. The session was also recorded | 31-Mar-2022 | 31-Mar-2022 |
| 21 AGS 02 | The Register of Interest needs updating as it was last updated in February 2019 | Complete | 100% | 16-May-2022 The registers of interests on the website for both District Councillors and Parish Councillors are up-to-date with the registers of interests that we have received. | 31-Mar-2022 | 31-Mar-2022 |
| 21 AGS 03 | Undertake a review of the Complaints Procedure to confirm that it is operating effectively | Complete | 100% | 14-Sep-2022 This action is now complete. The feedback process was mapped which resulted in a new Firmstep form to report complaints, compliments and comments. A recent Audit report of | 31-Mar-2022 | 31-Dec-2022 |

| | | | | | | |
|-------------------|--|-------------|------|--|-------------|-------------|
| | | | | W&R gave assurance of the complaint procedure. The team will continually review the process ongoing | | |
| Page 57 AGS 04 | Undertake more periodic staff surveys to get a current view on how staff are feeling, and identify if staff have any issues, concerns or trends in areas such as Equality & Diversity, Bullying, Harassment, level of stress | Complete | 100% | 01-Jun-2022 We have just undertaken a comprehensive staff wellbeing survey, of which the results are being analysed. These surveys will continue on a regular basis | 31-Mar-2022 | 31-Mar-2022 |
| 21 AGS 05 | Produce the Annual Equality Report which is a legal requirement | In Progress | 0% | 13-Dec-2021 This report is included in the Governance Action Plan with a target date of December 2022. | 31-Mar-2022 | 31-Dec-2022 |
| 21 AGS 06 | The Constitution will need to be updated to reflect the recent governance changes | Complete | 100% | 11-Nov-2021 Closure Note: The Monitoring Officer confirms that the Constitution for the purposes of this audit recommendations has been updated. | 30-Nov-2021 | 30-Nov-2021 |

| | | | | | | |
|-----------|---|---------------------------|------|---|-------------|-------------|
| 21 AGS 07 | The Council should consider how to report more clearly how our budget is spent and the impact it is having | Request extension of time | 0% | Delivery has been delayed by the restructure of the Finance Team. Currently looked at best practice at other Councils. Time extension requested to 30th June 2023 | 31-Mar-2022 | 30-Sep-2022 |
| 21 AGS 08 | Remove the Browse Forward Plans with key decision notifications off the website as it contains no current information | Complete | 100% | 07-Dec-2021 Our software supplier has now removed this. | 30-Nov-2021 | 30-Nov-2021 |
| 21 AGS 09 | Update the Freedom of Information statistics as there is only coverage up to September 2020 | Complete | 100% | 11-Nov-2021 The Monitoring Officer confirms that the FOI Stats are now up to date: https://www.northdevon.gov.uk/council/data-protection-and-freedom-of-information/freedom-of-information-statistics/ | 31-Dec-2021 | 31-Dec-2021 |
| 21 AGS 10 | Discuss the LGA CPCs Follow Up review recommendations with Council officers when it is completed | Complete | 100% | 16-Feb-2022 CPCs original and final report was presented to Full Council in January 2022 and members noted the two reports and officers to publish them accordingly. The reports were also circulated to all staff. | 31-Dec-2021 | 31-Dec-2021 |

| | | | | | | |
|---------------------|---|---------------------------|------|---|-------------|-------------|
| 21 AGS 11 | Consider whether there is a need for a communication & engagement strategy to ensure the Council is reaching out to the community and is accessible in its communications | Request extension of time | 0% | Currently working on a draft community engagement vision for SMT's consideration. Time extension requested 31st July 2023 | 31-Mar-2022 | 30-Sep-2022 |
| Page 59 1 AGS 12 | Review & update the Corporate Plan and council priorities | Complete | 100% | 16-Feb-2022 Two Member workshops have been held to review the Corporate Plan and this also included engagement on the Programmes which look to deliver on the Council priorities | 31-Dec-2021 | 31-Dec-2021 |
| 21 AGS 13 | Progress the recommendations within the Devon Districts Procurement Strategy & update the Procurement Sustainability Strategy | Request extension of time | 20% | Procurement has been restructured within the Legal Team and a new Procurement Officer has been appointed. The Procurement Working Group has been re-established following these changes and will now progress this recommendation. Time extension requested 30th September 2023 | 31-Mar-2022 | 31-Oct-2022 |

| | | | | | | |
|----------------------|--|-------------------------------|-----|---|-------------|-------------|
| 21 AGS 14 | Consider how to provide more summary information for the public on Council Performance, Performance and Financial Management & PIs as there is no easy access to information on delivery against priorities, plans or indicators | In progress | 25% | 26-May-2022 Heads of Service are currently reviewing their performance indicators. The publishing of summary information is within phase 2 of the financial security programme and will be produced in line with the 22/23 Statement of Accounts. | 31-Mar-2022 | 31-May-2023 |
| Page 60 21 AGS 15 | Re-review the core performance indicators to confirm that they can be used to monitor and report performance in all important sectors | Request for Extension of time | 20% | <p>All Heads of Service have been asked to review their existing suite of Key Performance Indicators with the following challenge:</p> <ul style="list-style-type: none"> * Who do we collect this information for? * Do their results drive decisions and/or changes? * Are these performance / results drive or review view /data indicators? <p>Request Revised Due Date: 31st March 2023</p> | 31-Mar-2022 | 30-Sep-2022 |
| 21 AGS 16 | Undertake a compliance assessment against the new Financial | In Progress | 20% | This assessment was delayed due to delay in external audit | 31-Mar-2022 | 31-Jan-2023 |

| | | | | | | |
|--|--------------------------------------|--|--|--|--|--|
| | Management Code as required by CIFPA | | | | | |
|--|--------------------------------------|--|--|--|--|--|



Governance Survey 2022

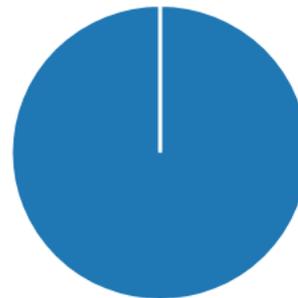
9
Responses

15:31
Average time to complete

Closed
Status

1. Do you understand the role and purpose of the Governance Committee, as detailed in its Terms of Reference?

| | |
|--------------|---|
| ● Yes | 9 |
| ● No | 0 |
| ● Don't know | 0 |



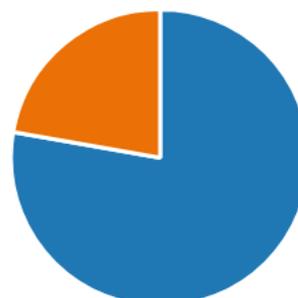
2. Additional comments / action

1
Responses

Latest
Responses:
None

3. Has the Governance Committee been provided with sufficient membership, authority and resources to perform its role effectively and independently?

| | |
|--------------|---|
| ● Yes | 7 |
| ● No | 2 |
| ● Don't know | 0 |



4. Additional comments / action

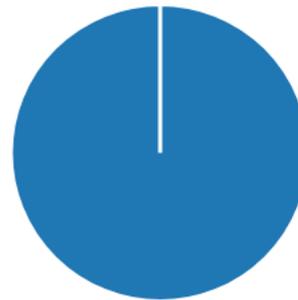
3
Responses

Latest Responses

"Allow members facility to agenda items for overview and scrutiny"
"Meetings have been inquorate on occasion "

5. Does the Governance Committee make a formal annual report on its work and performance during the year to Full Council?

| | |
|--------------|---|
| ● Yes | 9 |
| ● No | 0 |
| ● Don't know | 0 |



6. Additional comments / action

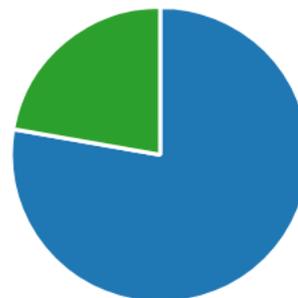
1
Responses

Latest Responses

"and a half yearly report"

7. Has the Governance Committee Chair either previous knowledge of, or received appropriate training on, financial and risk management, accounting concepts and standards, and the regulatory regime?

| | |
|--------------|---|
| ● Yes | 7 |
| ● No | 0 |
| ● Don't know | 2 |



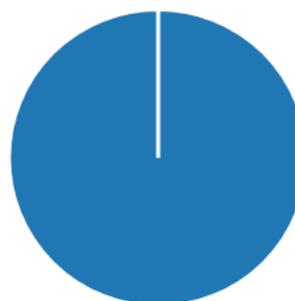
8. Additional comments / action

1
Responses

Latest Responses: None

9. When you joined the Governance Committee were you provided with appropriate induction training?

● Yes 9
● No 0



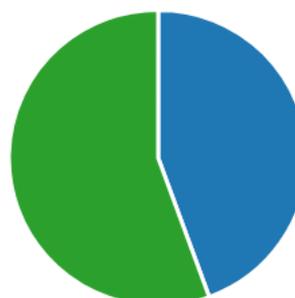
10. Additional comments / action

1
Responses

Latest Responses: None

11. Have all Members' skills and experiences been assessed and training given for identified gaps?

● Yes 4
● No 0
● Don't know 5



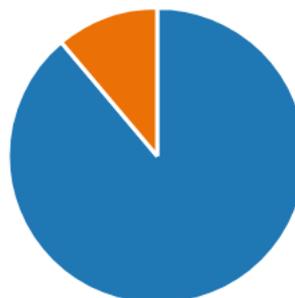
12. Additional comments / action

1
Responses

Latest Responses: None

13. Does each Member declare their business interests at each Committee meeting?

| | |
|-------|---|
| ● Yes | 8 |
| ● No | 1 |



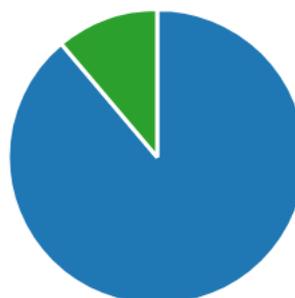
14. Additional comments / action

1
Responses

Latest Responses: None

15. Are Members sufficiently independent of the Council's other key Committees?

| | |
|--------------|---|
| ● Yes | 8 |
| ● No | 0 |
| ● Don't know | 1 |



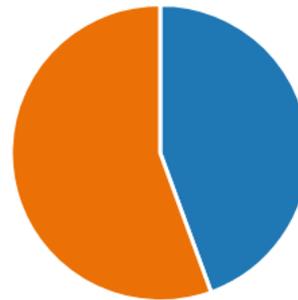
16. Additional comments / action

1
Responses

Latest Responses: None

17. Are members attending meetings on a regular basis and, if not, is appropriate action taken?

| | |
|--------------|---|
| ● Yes | 4 |
| ● No | 5 |
| ● Don't know | 0 |



18. Additional comments / action

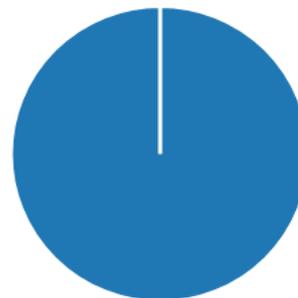
Latest Responses:

4
Responses

"Members must turn up for meetings"
"Some times we struggle to get a quorum"
"Very poor attendance record among some members which has resulted in the committee being inquorate on a number of occasions."

19. Are meetings free and open without political influences being displayed?

| | |
|-------|---|
| ● Yes | 9 |
| ● No | 0 |



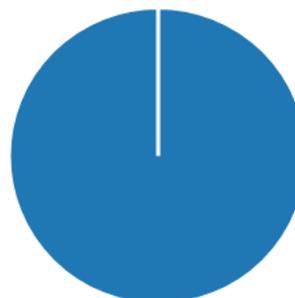
20. Additional comments / action

1
Responses

Latest Responses: None

21. Does the authority's Section 151 officer or deputy attend all meetings?

| | |
|-------|---|
| ● Yes | 9 |
| ● No | 0 |



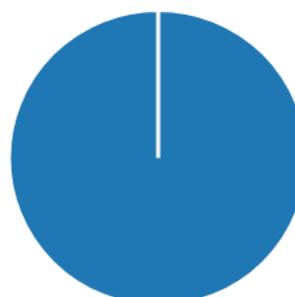
22. Additional comments / action

1
Responses

Latest Responses: None

23. Does the Governance Committee consider the accuracy and completeness of the Annual Governance Statement?

| | |
|--------------|---|
| ● Yes | 9 |
| ● No | 0 |
| ● Don't know | 0 |



24. Additional comments / action

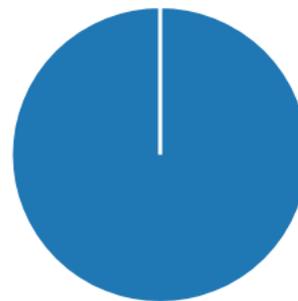
1

Responses

Latest Responses: None

25. Does the Governance Committee provide sufficient challenge to management to confirm controls are effective, or to assess management progress to address weaknesses?

| | |
|--------------|---|
| ● Yes | 9 |
| ● No | 0 |
| ● Don't know | 0 |



26. Additional comments / action

1

Responses

Latest Responses: None

27. Has the Governance Committee considered how it integrates with other committees that may have responsibility for risk management?

| | |
|--------------|---|
| ● Yes | 5 |
| ● No | 1 |
| ● Don't know | 3 |



28. Additional comments / action

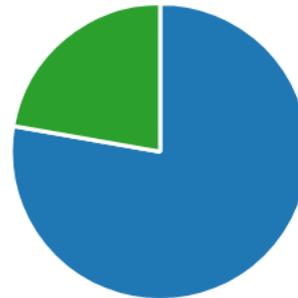
1

Responses

Latest Responses: None

29. Has the Governance Committee (with delegated responsibility) or the Full Council adopted "Managing the Risk of Fraud - Actions to Counter Fraud and Corruption"? (this is a CIPFA publication).

| | |
|--------------|---|
| ● Yes | 7 |
| ● No | 0 |
| ● Don't know | 2 |



30. Additional comments / action

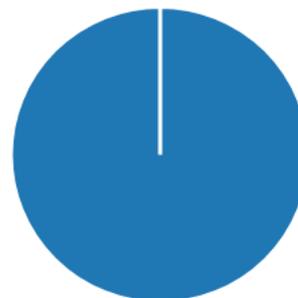
1

Responses

Latest Responses: None

31. Does the Governance Committee ensure that the "Actions to Counter Fraud and Corruption" are being implemented?

| | |
|--------------|---|
| ● Yes | 9 |
| ● No | 0 |
| ● Don't know | 0 |



32. Additional comments / action

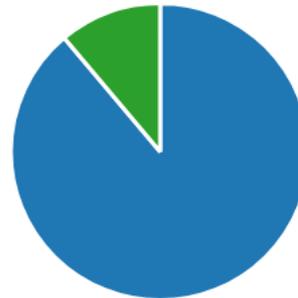
1

Responses

Latest Responses: None

33. Is there consideration by the Governance Committee on whether the Internal Audit Plan is focused on areas of highest risk and concern to the council, and does it provide good coverage of all key areas?

| | |
|--------------|---|
| ● Yes | 8 |
| ● No | 0 |
| ● Don't know | 1 |



34. Additional comments / action

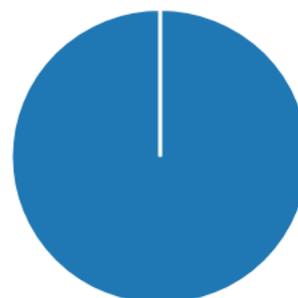
1

Responses

Latest Responses: None

35. Does the Governance Committee effectively discuss the risks identified in the Authority's Strategic Risk Register?

| | |
|--------------|---|
| ● Yes | 9 |
| ● No | 0 |
| ● Don't know | 0 |



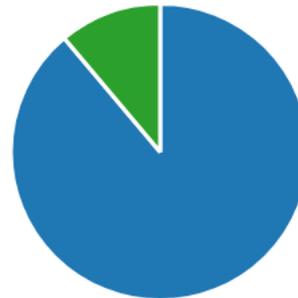
36. Additional comments / action

2
Responses

Latest Responses:
"very thoroughly"

37. Does the Governance Committee assess management action to mitigate those risks?

| | |
|--------------|---|
| ● Yes | 8 |
| ● No | 0 |
| ● Don't know | 1 |



38. Additional comments / action

1
Responses

Latest Responses: None

39. Does the Governance Committee consider specifically: • the suitability of accounting policies and treatments • major judgments made • large write-offs • changes in accounting treatment • the reasonableness of accounting estimates the narrative aspects of reporting?

| | |
|--------------|---|
| ● Yes | 6 |
| ● No | 0 |
| ● Don't know | 3 |



40. Additional comments / action

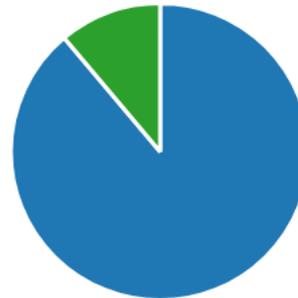
Latest Responses

"Not sure about - large write off's. Don't remember the large budgetary overrun of the old waste and recycling dept coming to governance"

2
Responses

41. Is a Governance Committee meeting scheduled to receive the external Auditor's report to those charged with governance including a discussion of proposed adjustments to the accounts and other issues arising from the Governance?

| | |
|--------------|---|
| ● Yes | 8 |
| ● No | 0 |
| ● Don't know | 1 |



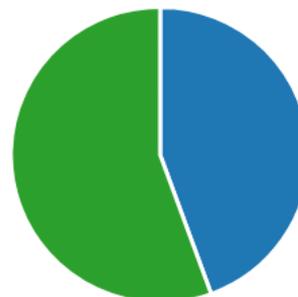
42. Additional comments / action

1
Responses

Latest Responses: None

43. Does the Governance Committee review management's Letter of Representation?

| | |
|--------------|---|
| ● Yes | 4 |
| ● No | 0 |
| ● Don't know | 5 |



44. Additional comments / action

1
Responses

Latest Responses: None

45. Does the Governance Committee have a mechanism to keep it aware of topical legal and regulatory issues, for example by receiving circulars and through training?

| | |
|--------------|---|
| ● Yes | 5 |
| ● No | 0 |
| ● Don't know | 4 |



46. Additional comments / action

3
Responses

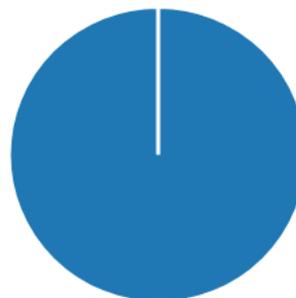
Latest Responses:

"Circulars yes - additional training - not sure 'bout that one"

"I'm relatively new to the committee so not sure if all the answers"

47. Does the Governance Committee approve, annually and in detail, the internal Governance strategic and annual plans including consideration of whether the scope of internal Governance work addresses the authority's significant risks?

| | |
|--------------|---|
| ● Yes | 9 |
| ● No | 0 |
| ● Don't know | 0 |



48. Additional comments / action

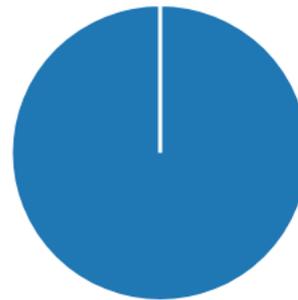
1

Responses

Latest Responses: None

49. Does the Governance Committee receive periodic reports from the Internal Audit Service, including an annual report from the Head of Internal Audit?

| | |
|--------------|---|
| ● Yes | 9 |
| ● No | 0 |
| ● Don't know | 0 |



50. Additional comments / action

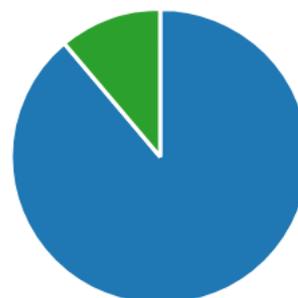
1

Responses

Latest Responses: None

51. Are follow-up audits by internal audit monitored by the Governance Committee and does the Committee consider the adequacy of implementation of recommendations?

| | |
|--------------|---|
| ● Yes | 8 |
| ● No | 0 |
| ● Don't know | 1 |



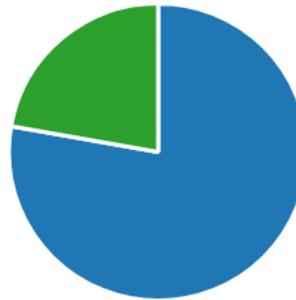
52. Additional comments / action

1
Responses

Latest Responses: None

53. Is there appropriate co-operation between the internal and external Auditors?

| | |
|--------------|---|
| ● Yes | 7 |
| ● No | 0 |
| ● Don't know | 2 |



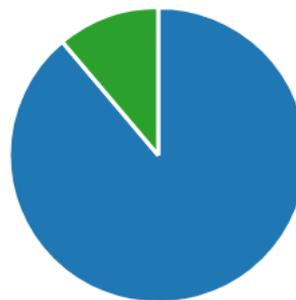
54. Additional comments / action

1
Responses

Latest Responses

55. Are internal Audit performance measures monitored by the Governance Committee?

| | |
|--------------|---|
| ● Yes | 8 |
| ● No | 0 |
| ● Don't know | 1 |



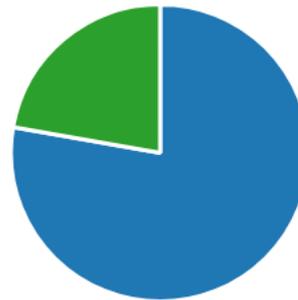
56. Additional comments / action

1
Responses

Latest Responses: None

57. Has the Governance Committee considered the information it wishes to receive from internal audit?

| | |
|--------------|---|
| ● Yes | 7 |
| ● No | 0 |
| ● Don't know | 2 |



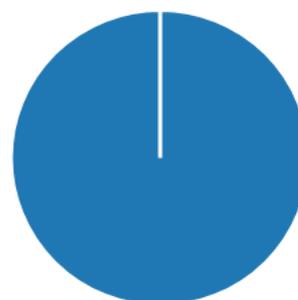
58. Additional comments / action

1
Responses

Latest Responses: None

59. Do the external Auditors present and discuss their Governance plans and strategy with the Governance Committee (recognising the statutory duties of external Audit)?

| | |
|--------------|---|
| ● Yes | 9 |
| ● No | 0 |
| ● Don't know | 0 |



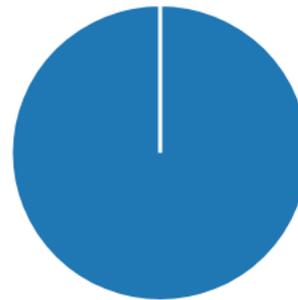
60. Additional comments / action

1
Responses

Latest Responses: None

61. Does the Governance Committee review the external Auditor's annual report to those charged with governance?

| | |
|--------------|---|
| ● Yes | 9 |
| ● No | 0 |
| ● Don't know | 0 |



62. Additional comments / action

1
Responses

Latest Responses: None

63. Are reports on the work of external audit and other inspection agencies presented to the committee, including the annual audit and inspection letter?

| | |
|--------------|---|
| ● Yes | 8 |
| ● No | 0 |
| ● Don't know | 1 |



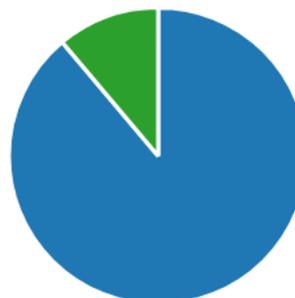
64. Additional comments / action

1
Responses

Latest Responses: None

65. Does the Governance Committee assess the performance of External Audit?

| | |
|--------------|---|
| ● Yes | 8 |
| ● No | 0 |
| ● Don't know | 1 |



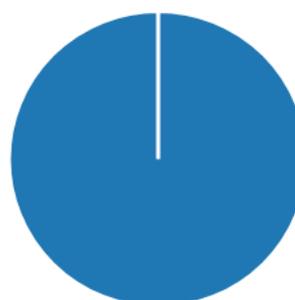
66. Additional comments / action

0
Responses

Latest Responses: None

67. Is there adequate secretariat and administrative support to the committee?

| | |
|-------|---|
| ● Yes | 9 |
| ● No | 0 |



68. Additional comments / action

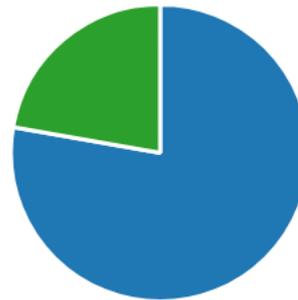
1

Responses

Latest Responses: None

69. Does the Governance Committee plan one year ahead with a work programme to cover issues on a cyclical basis?

| | |
|--------------|---|
| ● Yes | 7 |
| ● No | 0 |
| ● Don't know | 2 |



70. Additional comments / action

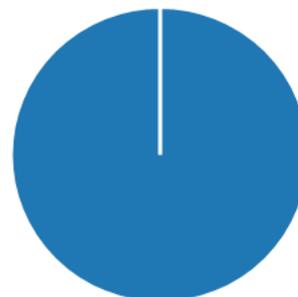
1

Responses

Latest Responses: None

71. Do reports to the Governance Committee communicate relevant information at the right frequency, time, and in a format that is effective?

| | |
|-------|---|
| ● Yes | 9 |
| ● No | 0 |



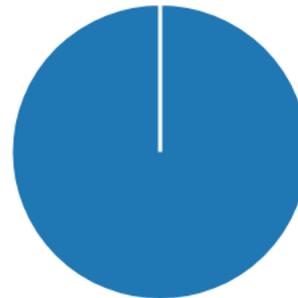
72. Additional comments / action

1
Responses

Latest Responses: None

73. Are minutes prepared and circulated promptly to the appropriate people?

| | |
|--------------|---|
| ● Yes | 9 |
| ● No | 0 |
| ● Don't know | 0 |



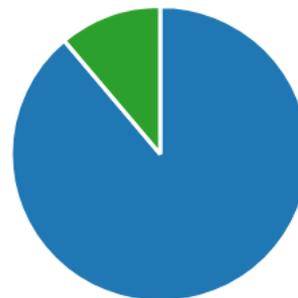
74. Additional comments / action

1
Responses

Latest Responses:
"Not enough attendance from dept heads, especially when time extensions for projects are tabled"

75. Does the Committee engage with a wide range of leaders and managers to discuss issues, audit findings, risks, and action plans with responsible officers?

| | |
|---------|---|
| ● Yes | 8 |
| ● No | 0 |
| ● Other | 1 |



Agenda Item 9

76. Does the Committee assess and discuss the culture of the organisation, including the tone from the top, to assess whether it has an open and inclusive culture?

- Yes
- No
- Other

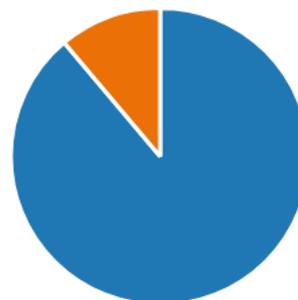
5
3
1



77. Does the committee ask Officers what independent assurance is sought in areas of very high risk (i.e. external review, benchmarking etc)

- Yes
- No
- Other

8
1
0



78. Given the use of virtual and hybrid meetings, what are your thoughts on whether the technology used enables a good meeting to be undertaken?

Latest Responses

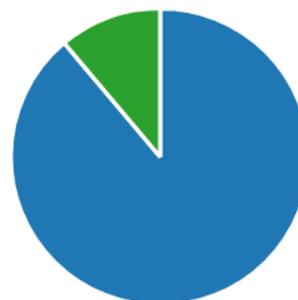
8
Responses

"Prefer face to face meetings" "Both adequate" "The use of remote meeting software has been very beneficial and I personally would like to see it extended in order for meetings to be held remotely" "Hybrid meetings are the way forward"
"Audio could be better" "With some more training yes" "Face to face allow far better debates and interaction between members" "Easy to understand and digest"

79. Are meetings effective with a good level of discussion and engagement from all the Members and Officers?

- Yes
- No
- Other

8
0
1



Agenda Item 9

80. Please give details of any strategic or wide-ranging issues which the Governance Committee has considered in the past.

Latest Responses

5

*"Fraud" "Threats to IT systems" "Not sure"
"Encouraging projects to be completed more quickly"*

Responses

81. Please give details of any strategic or wide-ranging issues which the Governance Committee should consider.

Latest Responses

6

"Value of assets and loans taken out to purchase" "More interaction with HR and staffing matters" "None at this moment in time "

Responses

"Asking why problems have occurred and getting more detailed answers about what has been done resolve them" "More collaborative working with adjacent Councils to reduce duplication" "Organizational culture".

82. How do you think the Committee could tackle those problems? (*as per your answer to question 81)

Latest Responses

5

*"Have open discussion and data"
"Allow committee more interaction at meetings re staffing which is currently very rarely tabled" "With good consideration and fairness"*

Responses

"Review common areas of operation where potential exists to integrate"

83. How do you feel the Governance Committee has made a difference (to any issues)?

Latest Responses

6

Responses

*"Tackling potential fraud and cyber attacks"
"Some progress has been made in reducing requests for time...
"Ensuring that the council constitution, delivering of its strategies and managing risk and fraud etc"
"Provides a degree of scrutiny" "We have encouraged Officers to deal with changes to policies or the implementation of of them more quickly"*

84. Are there any areas in which you believe the Committee has failed to deliver?

Latest Responses

5
Responses

"Having an independent expert "
"Holding items from being presented at governance meetings"
"Not to my knowledge" "Not been assertive enough in asking questions"

85. How could this have been resolved or improved?

Latest Responses

4
Responses

"Look at getting a qualified person recruited" "Asked more questions and not have allowed as many extensions to do things""Allow members more input into steering agendas " *"As there are no major issues,there is no need for improvements"*

86. How would you improve the Committee and its work?

Latest Responses

5
Responses

"It would allow discussion of pertinent matters which are concerning to members but not flagged by officers" "No need to change a well oiled machine" "Complete review of the committee structure, more involvement in evaluation of decisions made to ensure accountability and transparency" "By asking more questions" "Having another view from someone that might have had a background in audit would assist the committee in holding officers to account. For example, I was uncomfortable with the committee approving a single officer the power to purchase a house without recourse to agreement from any elected member. I find the case put forward to approve the recommendation neither convincing nor credible." "

Governance Committee Work Programme 2022/23

This work programme provides structure for the Audit Committee to ensure it receives reports and updates at the appropriate meetings throughout the year. It is reviewed and updated at each committee meeting.

North Devon Council Reports and updates:

| Dates of forthcoming meetings: | 14 Jun 2022 | 26 Sep 2022 | 15 Nov 2022 | 10 Jan 2023 | 14 Mar 2023 |
|---|-------------------------------------|--|-------------|-------------|----------------------------|
| Review of the Committee's Terms of Reference (Legal) | | | | | Report Due |
| Annual Review of the Committee's effectiveness (JT) | Report Due | Report carried over from June 2022 (for 2021/22) | | | Report Due (for 2022/23) |
| Half Yearly Report from the Chair of the Governance Committee (KJ). | Report carried over from March 2022 | Report Due Sept each year | | | Report Due March each year |
| Annual Governance Statement | | Report Due | | | |
| Statement of Accounts | Report Due | Report carried over from June 2022 | | | |
| Letter of Representation (JT) | | Report Due | | | |
| Compensation payments made under delegated powers. (SH) | Report Due | Report carried over from June 2022 | | | |
| Procedure for the Conduct of Investigations | | Report Due | | | Report Due |

| Dates of forthcoming meetings: | 14 Jun 2022 | 26 Sep 2022 | 15 Nov 2022 | 10 Jan 2023 | 14 Mar 2023 |
|--|-------------|---|-------------|-------------|-------------|
| Update Report for the Investigations Update | | Report Due | | | Report Due |
| Major changes to Accounting Policies Management procedures to be reported by the Head of Resources | | | | | Report Due |
| Update on Governance Arrangements | | | | Report Due | |
| Update on Business Continuity (AM) | | | | Report Due | |
| Update on Cyber Security (AT) | | Report due <i>(as requested at June Committee)</i> | | | |
| Audit Recommendation Tracker | Report Due | Report Due | Report Due | Report Due | Report Due |
| Work Programme | Report Due | Report Due | Report Due | Report Due | Report Due |
| Part B: Corporate Risk Register (AT) (quarterly) | Report Due | Report Due | | Report Due | Report Due |

Internal Audit Agenda Items:

| | | | | | |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Dates of forthcoming meetings: | 14 Jun 2022 | 26 Sep 2022 | 15 Nov 2022 | 10 Jan 2023 | 14 Mar 2023 |
| Internal Audit Annual report | Report Due | | | | |
| Internal Audit Strategy and Plan | | | | | Report Due |
| Internal Audit Charter | | | | | March each year |
| Internal Audit Progress Report | Report Due |

External Audit Items:

| | | | | | |
|---|-------------------|--------------------|--------------------|-----------------------------------|-------------------|
| Dates of forthcoming meetings: | 8 Jun 2021 | 29 Sep 2021 | 16 Nov 2022 | 4 Jan 2022 | 8 Mar 2022 |
| External Audit - Fee Letter | | | | | |
| External Audit - Findings Report | | Report Due | | | |
| External Audit - Annual Audit Report (*previously Letter) | | | | Report carried over from Nov 2022 | |
| External Audit - Plan | Report Due | | | | Report Due |
| External Audit - Progress Report and Sector Update | Report Due | Report Due | Report Due | Report Due | Report Due |

Updated 26/10/22

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