

North Devon Council Governance Committee

Date: March 2021

Half Yearly Report of the Chair of Governance Committee

Since Sept 2020 three Governance Committee meetings have gone ahead, albeit online.

The Audit Committee resolved in May 2014 that the Chair of the Governance Committee would report half yearly to Council in March and September to highlight key issues that have arisen in the previous period.

The last report was presented in September 2020.

Business Continuity

In September 2020 the Committee considered a report on Business Continuity from the Graduate Emergency Planning Officer.

Along with updates from the Public Protection Planning Manager, the Committee were advised:

- The Cabinet Office had produced guidance in line with ISO 22301:2019 Security and resilience – Business Continuity Management Systems. The proposal to refresh the current plans was deemed good-practice under this guidance.
- Success would be measured against the reduction in impact or improvement of the Authority's response when disruptions occur.
- The Head of Place advised the Committee that there were three major changes within Planning proposed within the White Paper which was currently out for consultation.
- The Business Information Systems Manager provided the Committee with an update in terms of the ICT systems in place

A further update was provided in January 2021:

- The Authority was developing a program to assimilate Business Continuity into normal business procedure and to review this to address cultural change.
- Over the past nine months the Authority had taken large strides to ensure continual review was part of daily work within teams.
- The preparation for Britain's exit from the European Union ('Brexit' / 'D-20') had assisted with that as plans had been developed for both an imminent 'Brexit' and a 'No-deal' 'Brexit'. Issues such as the possibility of fuel shortages had been considered. All services had added this to their resumption plans.
- A Corporate Resumption plan was being developed which would highlight which services and systems would be a priority to be operational on day one following an incident.

- Consultation with Managers would be carried out soon; with the resulting plans to be presented to the Senior Management Team (SMT).
- Business Continuity Best Practice – guidance 2018 was being followed.

Annual Governance Statement

In September 2020 the Annual Governance Statement was considered and approved to be passed to Council for consideration.

Update on Governance Arrangements

- In January 2021 the Chief Executive provided an update on Governance arrangements. He confirmed that
- This update had been brought to the Committee in order to review the changes made to the Governance arrangements.
- In December 2020 the Chief Executive had written to the Members for their opinions. Five of the Members had responded. The Chief Executive felt that the Members may have misunderstood the questions as some answers were in relation to the holding of remote meetings etc.
- In conclusion, the Chief Executive felt there was a general contentment with the arrangements in place and that no major changes were required.
- The Peer Review had suggested work could be done in the development of the Lead Member roles.
- Virtual meetings had been welcomed by those who also worked (*alongside being Members) and those with mobility issues.
- At Full Council a motion was being put forward to lobby the Government to allow the holding of virtual meetings to continue past the current cut-off date in May 2021. Many other Authorities were looking to do the same.

Recommendations to update the Member Code of Conduct

In September 2020 the Recommendations to update the Member Code of Conduct report was considered and approved to be passed to Council for consideration.

The Senior Solicitor and Monitoring Officer advised the Committee that the Committee on Standards in Public Life had issued a letter to Local Authorities in July 2020 which included 15 recommendations for 'best practice; which would represent a benchmark for ethical practice. A visit from the Committee was expected in the autumn to check on progress

Statement of Accounts

The Statement of Accounts was approved in September 2020

Business Grant Schemes

In September 2020 the Committee received an update on the Business Grant Schemes.

The Head of Resources advised of the following in relation to the Small Business Grant and Retail, Hospitality and Leisure Grant Scheme:

- The grant was announced on 11 March 2020 by the Chancellor in his Budget speech. Detailed guidance was issued by MHCLG (Central Government) on 25 March, with the hope that payments would start to be made by early April. This guidance had changed by the following week. On 25 March 2020 Civica the Software Company used by the Council announced work on their grant module and associated form. The Council's Communications team planned and updated messages on Website for businesses and automatic phone messages with updated information throughout.
- 1 April 2020 £51million funding was paid to NDC. This was the largest allocation and number of eligible businesses in Devon, including the unitary Councils.
- 6 April 2020 the online form was transferred to NDC for testing and that went 'Live' 9 April 2020. This was only 2 weeks after guidance received by MHCLG.
- The NDC online form was automatically integrated to the back office system.
- Assurance was gained which confirmed there was a competent online integrated process that carried out substantial checks (which a manual form would not have performed) and mitigated and reduced the risk of any fraudulent applications being paid. Many Revenues and Benefits Staff worked all Easter Weekend including the bank holidays plus the following weekend to deal with the initial surge of applications.
- On 9 April 2020 the first payments were made (same day as go-live).
- By 17 April 2020 almost 30% had been paid out (£12million in the first week)
- By 30 April 2020 (three weeks from go-live) 65% had been paid out (£29million) to 2500 businesses.
- As of 8th September, £43million had been paid to 3775 businesses (96% of those eligible). 163 eligible businesses did not apply even though the Council tried numerous times to write, contact, persuade etc. Grants had been awarded to 3775 of the 3802 applications so far.
- Monthly assurance returns were made to MHCLG, outlining that risk assessments had been carried out.
- In addition; Government announced "Discretionary Business Grant" scheme – to the value of 5% of the above main grant scheme (£2.25million); the Council ran this through our Economic Development team as they had close links to local

businesses and especially those that had fallen outside the scope of the original grant scheme.

- The Discretionary Business Grant scheme was launched on 1 June 2020, using a Devon-wide set criteria and online application form, payments were made within first week. Scheme was now closed and team were processing the last tranche of applications; having fully allocated the £2.25million fund.
- Lobbying had taken place via the Member of Parliament to try to retain all/some of the residual funds (of £4,164,750 which was the amount unclaimed from the Small Business Grant and Retail, Hospitality and Leisure Grant scheme within North Devon) to further the discretionary scheme and support more local businesses that need the financial assistance.
- In addition, expanded retail discounts had been applied to 1100 Non Domestic Rates accounts: further adding to the workload.
- Overall financial assistance to support North Devon businesses of over £65million through the pandemic.
- The Head of Resources added that, bearing in mind the context of what he had outlined overall, the speed and pressure from Government to 'support businesses' quickly; he could not be prouder of the team for what they had delivered under exceptional circumstances.

Compensation Payments Made Under Delegated Powers

In September 2020 the Committee was advised that there had been three compensation payments made over the six month period from January to June 2020. These totalled £3926.

Letter of Representation

The Letter was presented to the Committee in a special meeting in October, in advance of the Full Council meeting on 7th October 2020. The Letter was required as part of the final process for the approval of the Statement of Accounts for 2019/20.

Audit Recommendation Tracker

The Committee was advised in September that:

- There were ten live recommendations.
- Two recommendations had been completed since the last meeting of the Committee.
- One recommendation for which a time extension was being requested.
- Recommendation 17 SRR 08 required an extension to allow for delays in the implementation of the automated process due to the pandemic. Progress had reached 85% and could confidently be completed by the extension date requested.

- There were no outstanding Audit Recommendations

The Committee was advised in November that:

- No recommendations had been completed since the last meeting of the Committee.
- There were three recommendations for which time extensions were being requested.
- There were no outstanding recommendations.

The Committee was advised in January 2021 that:

- Five recommendations had been completed since the last meeting of the Committee.
- There were four recommendations for which time extensions were being requested. Of these, one was in relation to Violence and Aggression markers. A new system had been created using the CRM (Customer Relation Management) system. This would be installed shortly. Other outstanding items were related to a recent audit and therefore time was required to implement those.
- There were no outstanding recommendations.

Corporate Risk Register

The Corporate Risk Register was presented to the Committee in October 2020

The Head of Resources advised the Committee that each item on the Corporate Risk Register had been re-evaluated following the Covid 19 outbreak. During the pandemic the Authority had worked alongside all Devon Local Authorities and local voluntary organisations. This work would continue.

External and Internal Audit

Internal Audit Progress Report 2020/21

The Committee was advised by DAP of the following in relation to the Internal Audit Progress Report:

- The Head of Internal Audit's opinion was of "Substantial Assurance" on the adequacy and effectiveness of the internal control framework
- Covid19 had impacted the way the Internal Audit work had been done. It was looking to perform the vast majority of the work remotely.

- The Head of Devon Audit Partnership (DAP) advised that there had been changes to staffing at DAP with a new Manager starting in October

In November the following was advised:

- Progress had been slow over the past year due to the pandemic.
- The delivery of the signed plan was delayed as resources were redirected to Covid-19 works. The auditors would be speaking to the Head of Resources in the next couple of weeks to get any remaining audits scheduled.
- ANA refers to the Audit Needs Assessment. It was hoped that the LA's software would pick up the scoring from the Risk Register to give an overall context.

In January 2021 the following was advised:

- An opinion of Reasonable Assurance had been given for 2020/21.
- Six audits had been completed.
- Risk Management Review had not been included but had also achieved 'Reasonable assurance'
- All of those complete to date had been at a level of Reasonable Assurance, with one (Income collection) reaching 'Substantial'.
- An updated Assurance map would be presented to the Committee in March 2021.
- As a result of Covid-19 it had been agreed to defer some non-core audits into 2021/22.
- During December 2020 two audits were taken forward to provide assurance on safe working operations during the pandemic. Risk assessments were ongoing, and a staff survey had recently been issued. The assurance opinion was to be confirmed.
- The bulk of the revised audit plan was expected to be completed by the financial year end.
- Work had started on the plan for 2021/22. This would include any works not completed during the 2020/21 plan.
- The plans had been adjusted across all partners as the lockdowns had occurred.
- A new approach was being considered for 2021/22 which was more flexible as priorities and risks changed.
- Works on Cyber Security would commence in February 2021. The Government had identified Ransomware as a particular concern.
- The Chief Executive advised that audits such as Climate change, Cyber Security, and Covid security were especially relevant at present and would add value to the Authority's operations. The ability to target audits as required was welcomed. The experience and advice of the Auditors was beneficial.

Informing the Audit Risk Assessment 2019-2020

The External Auditor confirmed the report set out the questions asked of the Authority. It was a standard suite of questions covering law, fraud, accounting estimates. Historically the Auditors had contacted the Head of Resources as section 151 officer and the Chair of the Governance Committee. For this report the Senior Management Team and the Committee Members had also been consulted.

Internal Audit Assurance Opinions – Standardisation across Public Sector

The Committee considered this report in November 2020

The Internal Auditor explained the background to the report:

- This report concerning the Assurance Opinions was used to set the scene on the additional reports provided by DAP.
- The Audit opinion itself was the Auditor's judgement and not based on any scientific calculation. Whether the opinion was 'substantial' or 'reasonable' it would be discussed with their client, in this instance; North Devon Council.
- The opinion of Reasonable Assurance was given in the majority of cases.
- Opinions were given in consultation with the Management Board at DAP, following the CIPFA standards.
- This was now the standard approach, used across the board, in order to establish a constant approach.
- The new system provided a colour-coded rating for the Assurance Mapping (Red/amber/green) to enable clearer and quicker interpretation or both an overall position, and specific areas of concern.

Internal Audit Assurance Mapping

The Committee considered this report in November 2020

The Internal Auditor explained the background to the report:

- It had been a new process to both the DAP and the Authority in the preparation and delivery of the report.
- Public Sector Insurance Standards expect the Audit map to be completed alongside the Risk Register, however, it was accepted the issues faced had prevented this. In future it was hoped that the map and register would be produced together.
- The Map was 'live' and would be amended over the financial year. It was hoped it would make identification of any hotspots on the control network easier.
- The Map/Table was set out in three sections – each line of defence; Business Operation, Financial Corporate and Governance, and Independent Assurance. The Map was specifically tailored for each Local Authority, although the base template was the same for all.

External Audit Progress Report and Sector Update

The External Auditor advised of the following in relation to the External Audit Progress Report and Sector Update in September 2020:

- The report detailed the progress as at August 2020. Many post-Covid audits were taking place remotely.
- It was recognised that the Accounts had been ready ahead of the pre-arranged deadline. The extension to the end of November 2020 was for the completion of the Audit works.
- The Value for Money (VFM) conclusion focused on the risk for the health of North Devon with specific mention on how 2019-20 had delivered and the challenges faced in 2020-21 and beyond (with the loss of income due to Covid-19).

In November 2020 the following was advised:

- Now only a few items were outstanding, progress had been made and many items cleared.
- The final Letter of Representation, the Draft Accounts, and the Annual Governance Statement had all been signed.
- Still outstanding were completion of work on PPE and Investment Properties, receipt and review of the letters of assurance from the Devon County Council (DCC) Pension Fund Auditor. These were also being waiting on by other Devon Authorities. DCC were hoping to issue these by the end of November 2020.
- The Value for Money conclusion was expected to be that of 'Unqualified'
- The Housing Benefit Subsidy Claim work was ongoing.

In January 2021 the following was advised:

- The only outstanding work from 2019/20 was for the Housing Benefit certification, which would conclude the 2019/20 works.
- 55% of the audits had been signed-off by November 2020.
- Works were still being undertaken on the outstanding 17 audits. The deadline was likely to be moved to September 2021, but could be moved further due to Covid-19.
- New Value for Money (VFM) arrangements were in place. With effect from 2021 these were required to be review every five years.
- There would no longer be a binary judgement made as the auditors would be encouraged to be more explicit in responses. This was viewed as best practice.
- The "Annual Audit Letter" would be replaced with an "Auditors Annual Report". Any effect on the fees would be discussed with the PSAA.

External Audit Findings Report

The External Auditor advised of the following in October 2020:

- The Audit Findings Report set out the key findings for 2019-2020.
- The deadline for the sign-off of the accounts had been extended due to the challenges presented by the Covid-19 pandemic. The revised date for the sign-off of the accounts had been moved to the end of November.
- The report provided the Auditor's opinion and the Value for Money conclusion.

External Audit Annual Audit Letter

This report was presented to the Committee in January 2021

The Committee was advised of the following:

- The final decision had been delayed as the Auditors waited on Devon Pensions figures. That had been received and a Unqualified decision had been made on 23rd November 2020. This was ahead of their deadline.
- The Auditors were satisfied that proper Value for Money arrangements were in place
- In March 2020 an increase on the Audit Fee of £7500 had been proposed in response to the increase in work. In addition to this a further £6600 had since been proposed in response to the additional work undertaken due to Covid-19. Any proposed fees were subject to approval by Public Sector Audit Appointments Ltd (PSAA) and only if they approved them would they be charged. The increase in the fees had not been taken lightly and had been discussed with the Head of Resources.