

North Devon Council Governance Committee

Date: Sept 2021

Half Yearly Report of the Chair of Governance Committee

Two Governance Committee meetings have taken place (in March and June 2021).

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 March 2021.

Review of the Committee's Terms of Reference

In March the Monitoring Officer presented the annual report to the Committee and confirmed that the terms had not changed although there had been a suggestion from the Auditors to include some additional information to the Terms of Reference. The Committee agreed to review the terms at a future meeting.

Annual Review of the Committee's Effectiveness

As only three responses had been received it was agreed at the March Committee that an online survey would be created which would be easier for inline completion.

In June it was confirmed that an online form had been issued, but not all the Members had completed this within the allotted time. The Committee agreed to bring the item back again at a later date with a more detailed report.

Internal Audit Report – Leisure Centre Project

The Committee considered a report by Devon Audit Partnership, and an update from the Contracts Delivery Manager.

The Committee were advised:

- The roles/responsibility of the internal NDC officers on the Project Team had been defined in greater detail and presented to the Strategy and Resources Committee.
- The Risk Register review process had been updated in line with the report recommendation. A Risk Register Review had been added as a standing item to the agendas for the monthly project meetings.

- Opportunity Risk had now been added to the registers and to those of the partners, eg Speller Metcalfe, Parkwood etc. The partners' Risk Registers would be shared with the Authority if required, with the removal of any commercially sensitive confidential information.
- The Communications Strategy had been updated, with more frequent Social Media and website activity; to promote the benefits of the project to the local community and stakeholders.
- Progress reports would be provided to the Strategy and Resources Committee on a quarterly basis.

Business Continuity

In June 2021, the Committee considered a report by the DAP and were advised that:

- This was an update of the 2019 report within which Business Continuity had been considered a red risk. The report set the focus and direction for the Authority going forward.
- Work had been completed with the Service Manager (Public Protection) to identify the six priorities within the report which would then be completed within the next five months.
- The Authority had programmed the outstanding works into an action plan, with a target completion date of October 2021 for the first phase.

Recommendations to update the Member Code of Conduct

In June 2021 the Monitoring Officer presented the Local Government Association's Model Code of Conduct to the Committee. The Committee recommended it for approval by Full Council.

Procedure for the Conduct of Investigations

In June 2021 the Monitoring Officer presented the report to the Committee. The Committee resolved that the document be approved and that an additional paragraph regarding the Periodic reporting of irregularities to Senior Management and Members be added.

Anti Money-Laundering Policy,

Whistle-Blowing Policy,

Anti-Fraud, Bribery and Corruption Policy,

Counter-fraud Strategy and response Plan

In June 2021 the Committee recommended the above policies for approval by Full Council.

Compensation Payments Made Under Delegated Powers

In June 2021 the Committee was advised that there had been nine compensation payments. These totalled £595.08. Eight had been in relation to Operational Services, and one for Housing Benefit. The Housing Benefit compensation had been for £300 (over 50% of the total) following an ombudsman complaint where it was deemed that incorrect advice had been given to a customer.

Audit Recommendation Tracker

The Committee was advised in March that:

- Five recommendations had been included in table B (recommendations completed since the last meeting of the Governance Committee).
- Table C detailed one recommendation for which a time extension to 31st March 2021 was being requested.
- There were no outstanding recommendations (Table D).
- There were three recommendations in Table E (Annual Governance Statement). The report for AGS 19/20 02 would require time to enable it to be considered by the CORGI group

The Committee was advised in June that:

- 13 recommendations had been completed since the March 2020 meeting.
- Table C detailed 8 recommendations for which time extensions were being requested.
- There were a few recommendations with zero, or low percentage complete figures. It was noted that these were low priority recommendations which would be followed up as part of a further DAP audit.

Corporate Risk Register

The Corporate Risk Register was presented to the Committee in March 2021

The Chief Executive advised the Committee that the report circulated had been received by the CORGI group. A couple of the risks had increased due to the pandemic.

External and Internal Audit

Internal Audit Plan Report 2021/22

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

- The Internal Audit Plan Report 2021-22 had been created as per the requirement within the Internal Audit Charter and Strategy. It was an indicative plan of the proposals for the year ahead which remained flexible. This was appropriate that the plan could change and adapt to risks.
- Over 25% of the 'Audit Plan Days' had covered Resources as the core audits (key financial systems) were covered in that team.
- Discussions had taken place with the Heads of Service to develop the plan. Consequently changes had taken place in relation to the works and processes audited.
- The additional Counter-Fraud services of the Auditors were recommended. Governance Committee - 9 March 2021 4
- The Internal Audit plan would include the following additional audits to be added for 2022/23 to 2024/25. These were 'Other Grants', Insurance, and Harbour Authority.
- Safeguarding Children and Vulnerable Adults had been added to the audits for Environment Health and Housing.
- There were no audits for 2021/22 for Operational Services as, on balance, they had not provided any high risks.
- The framework of the audits were set out in appendices 1-4 of the plan

Internal Audit Charter Strategy 2021/22

In March the Committee was advised by DAP of the following in relation to the Internal Audit Charter Strategy:

- It set out the work and reports for the coming year.
- Remained the same as 2020-21 with no change to the public sector charter.

Internal Audit Progress Report 2021/22

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

In March the Committee was advised:

- An overall level of Reasonable Assurance was expected. Of the seven audits delivered in 2020/21, all but one was 'Reasonable'. The other had an opinion of Substantial.

- Of the Audits carried out so far, the Safe Staff Operations during the Covid-19 Emergency had achieved 'Reasonable (in draft) assurance'.
- The Assurance Map (appendix 2) provided a summary of the benefit of assurance mapping, along with the Audit Plan for 2020-21.
- The Map highlighted suggested areas of weakness in red/amber.
- The Plan was progressing well, during the business time of the financial year, with the field work on Benefits and Car Parking ongoing.
- An update on Business Continuity and Cyber Security could be provided at a future meeting.

Internal Audit Annual Report

In June the Committee were presented with the Annual Report. They were advised:

- The opinion of Internal Audit was that of "Reasonable Assurance".
- To support the overall opinion of "Reasonable Assurance" they provided a Reasonable assurance rating on 9 of the 14 audits (with 2 substantial and 3 limited opinions).
- The statement of opinion was underpinned by:
 - Internal Control Framework
 - Risk Management
 - Governance Arrangements
 - And Performance Management
- The ICT Cyber Security audit crossed all areas of the Authority's work.
- 92% of the audits in the revised plan for the year had been delivered. The remaining audits had either been cancelled, deferred by the client, or rolled over into 2021/22.
- The reports on some audits had been delayed due to issues presented by staff working remotely.
- In relation to other Authorities, it was difficult to compare performance, but the DAP was satisfied that the audits were 'on track' and they were generally happy with progress.

Internal Audit – Cyber Security – Malware and Ransomware

In June 2021 the Committee considered the Internal Audit Cyber Security, Malware and Ransomware Report by the DAP. Internal Audit advised that the Team from One West had delivered the report in partnership with the DAP.

Internal Audit Parking Operations Report

In June 2021 the Committee were advised that:

- The review had included a review of the Health and Safety measures in place to protect staff during the pandemic. The overall systems in place had been found to be effective.
- There had been a possible lack of continuity due to staffing changes within the team.
- The review had focussed on penalty notices and collection rates.
- Regular reports had now been requested from the contractor which would assist with the monitoring of the systems but it was felt that a suite of management reports would need to be developed.
- There was now a new online system for customers to use to buy and renew permits. Any members of the public who had difficulty with the system could call customer services, or the parking team, for assistance.
- A regular report would be provided in relation to the Fixed Penalty Notices: number issues, recovery rates, age of debts, etc.

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 March 2021:

- The outstanding work from 2019/20 had been on the Housing Benefit subsidy. The annual subsidy claim had now been signed off on 27th January 2021. It had been certified without amendment. Some errors had been identified and adjustments made. These were not significant nor of concern. The value of the adjustment had been very small.
- The 2019/20 audit had now been completed.
- The delivery of the 2020/21 had been a challenge due to the pandemic. This, and the delay to the Housing Benefit certification work had an impact on delivery times. It was expected that the audit plan would be complete by the end of March 2021 and would be formally presented at the next Governance Committee.
- The Value for Money work would be focussed on new criteria and risk. The three main changes were:
 - o A new set of key criteria
 - o More extensive reporting, and
 - o The replacement of binary (qualified/unqualified) approach of VfM conclusions.
- Once the plan was issued they would be able to make a start on the draft accounts.
- The Auditors were confident that the September 2021 deadline would be met.

External Audit – Audit Plan

The External Auditor advised of the following in June 2021:

- The plan had been completed slightly later than planned although the planning had now been completed along with the interim works.
- The Audits had determined that the materiality to be £1.1m for the Authority which equated to 2% of the prior year's gross expenditure for the year.
- Focus was to be made on the areas of greatest risk. These were the same as the previous year with one exception – that was the New payroll system / transfer of data.
- Following a new Code of Audit Practice from the National Audit Office (NAO) there were three main changes to the Value for Money (VfM) work:
 - A new set of criteria
 - More extensive reporting
 - The replacement of the binary (qualified/unqualified) approach to the VfM conclusions.
- From 2022/2023 onwards there would be an increase in uncertainty as gaps in funding were experienced.
- The proposed fee for the Audit had increased by £15,500. This included £9,000 for the additional works required on the VfM under the new NAO code, and £6,500 due to the revised audit standards required.

External Audit – Informing the Risk Assessment

In June the Committee were presented with this report. The Auditor confirmed the following:

- The report had been created jointly with NDC.
- It covered accounting estimates in greater detail with more emphasis on management responses and best practice.
- It had been presented to the Committee to enable the inclusion of any additional comments provided by the Members and also to seek formal, minuted agreement of the report.