

**NORTH DEVON COUNCIL**

Minutes of a meeting of Governance Committee held at Barum Room - Brynsworthy on Monday, 27th March, 2023 at 6.30 pm

PRESENT: Members:

Councillor Roome (Chair)

Councillors Campbell, Phillips and Walker

Officers:

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

Also Present in person:

Paul Middlemass (Devon Audit Partnership)

Also Present virtually:

Paul Barber and Andy Nicholls (Grant Thornton)

**51. APOLOGIES FOR ABSENCE**

Apologies were received from Councillors Topps and Turton.

**52. TO APPROVE AS A CORRECT RECORD THE MINUTES OF THE MEETING HELD ON 10TH JANUARY 2023**

RESOLVED that the minutes of the meeting held on 10<sup>th</sup> January 2023 (circulated previously) be approved as a correct record and signed by the Chair.

**53. DECLARATIONS OF INTERESTS.**

There were no declarations of interest declared.

**54. INTERNAL AUDIT PROGRESS REPORT**

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

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

- Since the report was produced, the amount of audits assurance rated as 'Reasonable' had increased to 13.
- There were 3 audits in the Summary of Audit Report and Findings 2022-23 (as per appendix 1).
- The Head of Internal Audit's Opinion was that of 'Reasonable Assurance' on the adequacy and effectiveness of the Authority's internal control framework.
- The full Assurance Map was considered and had less areas of concern (marked in red) than in previous assurance maps.

In response to questions from the Committee, the Committee were advised:

- In relation to the Equality and Diversity Audit the annual report on how the Authority was meeting its equality requirements had now been completed and published online. This work would now move the assurance status to amber.
- The publication of the above report was a legal requirement. The male/female split information in relation to staff had been included. Work to improve the detail of the information was ongoing.
- Community data had been published.

RESOLVED that the Internal Audit Progress report be noted.

**55. INTERNAL AUDIT CHARTER AND STRATEGY**

The Committee considered a report by Devon Audit Partnership regarding the Internal Audit Charter and Strategy (circulated previously).

The Internal Auditor outlined the purpose of the Internal Audit Charter and Strategy.

RESOLVED that the Internal Audit Charter and Strategy be approved.

**56. INTERNAL AUDIT PLAN**

The Committee considered a report by Devon Audit Partnership regarding the Internal Audit Plan Report 2023-24 (circulated previously).

The Internal Auditor advised that the Internal Audit Plan Report 2023-24 was:

- Programmed with a set number of days' work for management area.
- The plan was based on 242 days' work across the 2023-24 year.

In response to questions, the Internal Auditor advised that:

- Follow-up work would be included to resolve areas identified within the Debtors audit. This was rated as Limited Opinion in 2022-23.
- Equality and Diversity (also rated as Limited Opinion in 2022-23) would also be included.

The Chair noted that he felt that the Authority would be 'left in a good position' for any new Councillors joining the authority in the May 2023 elections. He thanked the Auditors for their hard work and assistance.

The Director of Resources and Deputy Chief Executive noted the high percentage of audits undertaken within 2022-23 against the original audit plan.

RESOLVED that the Internal Audit Plan 2023-24 be approved.

**57. EXTERNAL AUDIT ANNUAL AUDIT REPORT**

The Committee considered a report by Grant Thornton regarding the External Audit Annual Audit report 2021-22 (circulated previously).

The External Auditor (AN) confirmed:

- This was the final element of the 2021-22 external audit process.
- The report was positive, with no significant weaknesses identified.
- The categories of recommendations were explained within appendix C.
- The report only contained improvement recommendations.
- It was noted that when purchasing the Green Lanes Shopping Centre the Council had not undertaken a Value for Money (VfM) assessment which could have assisted in taking account of the long term potential full lifecycle costs and benefits. The Business case had been reviewed and found to be fit for purpose although could be further-enhanced with the inclusion of the VfM assessment.
- Performance measurement / Key Performance Indicators (KPIs) were being reviewed and had been positive based on previous recommendations.
- The Auditors recognised the challenges faced from inflation and that the Council had taken a pro-active approach to medium-term savings.

The Director of Resources and Deputy Chief Executive confirmed that there was a £0.250m surplus achieved in the revenue outturn for 2021-22.

The Chair noted that the lack of funding from central government would result in Authorities facing struggles financially, which would result in many looking for commercial opportunities for income sources.

The External Auditor (PB) confirmed that Councils needed to be more risk-aware generally but that the purchase of Green Lanes was a good example of income generation.

RESOLVED that the External Audit Annual Audit Report be noted.

**58. EXTERNAL AUDIT PROGRESS REPORT**

The Committee considered a report by Grant Thornton regarding the External Audit Progress report year ending 31 March 2022 (circulated previously).

The External Auditor (PB) confirmed:

- The report as the final element of the audit process for 2021-22
- Planning of the 2022-23 audits was in place. The plan would be brought to this Committee at the next meeting.
- It was hoped to start on the 2022-23 audit soon after the draft accounts are produced at the end of May 2023.
- The NDC audit would be one of their priority audits.

In response to a question from the Committee, the External Auditor confirmed that the NDC Audit for 2021-22 year was among the 12% nationally that were signed off by the deadline (1<sup>st</sup> November).

RESOLVED that the External Audit Progress Report be noted.

**59. REVIEW OF THE COMMITTEE'S TERMS OF REFERENCE**

The Committee considered a report by the Senior Solicitor and Monitoring Officer regarding the Review of the Committee's Terms of Reference (circulated previously).

The Senior Solicitor and Monitoring Officer presented the report to the Committee and confirmed that:

- This was an annual report and that the terms had been reviewed in relation to its Standards Function. It was considered that making the recommended amendments to the terms of reference would enable greater transparency, would aid the Committee and the public's perception of the Committee's role in this regard. The present wording stated that the Governance Committee was delegated to carry out the Council's "Standards function including dealing with complaints regarding Councillor conduct and the imposition of standards". The amendment would allow greater clarity as to what Members should be considering in the context of its standards function.

RESOLVED that the Committee's Terms of Reference be updated as provided in appendix A (proposed revised terms of reference), be recommended to Full Council for approval.

**60. HALF YEARLY REPORT FROM THE CHAIR OF THE GOVERNANCE COMMITTEE**

The Committee considered the Half Yearly Report of the Chairman of the Governance Committee (circulated previously).

RESOLVED that the Half Yearly Report of the Chairman of the Governance Committee be noted and proceed to Full Council for consideration.

**61. UPDATE REPORT ON THE CONDUCT OF FRAUD INVESTIGATIONS**

The Committee considered the Update Report on the Conduct of Fraud Investigations (circulated previously)

The Solicitor and Monitoring Officer confirmed that:

- It had been agreed that any fraud investigations would be presented to the Senior Management Team (SMT) and the Governance Committee.
- There were no updates nor investigations which had been reported to the Monitoring Officer.

RESOLVED that the Update on the Conduct of Fraud Investigations be noted.

**62. 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 Director of Resources and Deputy Chief Executive advised the Committee of the following:

- Table A listed the live audits.
- 30 recommendations had been included in table B (recommendations completed since the last meeting of the Governance Committee)
- Table C detailed 13 recommendations for which time extensions were being requested. Of these, 9 were for very short time extensions.
- Table D usually detailed outstanding recommendations although there were none for this period.
- The recommendations in Table E (Annual Governance Statement) was summarised and were either 100% completed or were not due for completion yet due to a future date.

In response to a question from the Committee, the Director of Resources and Deputy Chief Executive advised Pentana was the name of the software used to monitor audits and performance. The reports were extracted from this system.

The Committee noted that they wished to record the tremendous progress made by officers over the past 4-year term, despite dealing with a worldwide pandemic, they had managed to achieve results despite resources being diverted elsewhere as and when needed. They also wished to thank the auditors for their work in monitoring issues and assisting by highlighting issues when they developed.

RESOLVED:

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

**63. WORK PROGRAMME 2023 - 2024**

The Committee considered the work programme for 2023-24 (circulated previously).

RESOLVED:

- a) that the work programme be amended as follows:
  - a. The item "External Audit Fee Letter" be removed (\*as this would be included within the external audit plan).
  - b. "Update on Governance arrangements" be moved to March 2024.
  - c. "Quarterly Update on Planning Processing Times" be added to June 2023.
- b) That the work programme for 2023-24 be noted.
- c)

**64. EXCLUSION OF PUBLIC AND PRESS AND RESTRICTION OF DOCUMENTS**

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 item as it involved the likely disclosure of exempt information as defined in 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 item be confirmed as "Not for Publication".

**65. CORPORATE RISK REGISTER**

The Committee considered the Corporate Risk register report by the Chief Executive (circulated previously).

The Head of Governance advised the Committee that:

- The Corporate Risk Register had been revised, with 12 current key risks each with their own risk score and updated notes from the Corporate Risk Group meeting held in February 2023.
- Lower level risks were still on the Service Risk Register which is managed by Heads of Service and reviewed by Senior Management Team on a quarterly basis.

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

- The top three risks identified were very similar to those within other Authorities. Also that most had experienced increased demand within temporary accommodation pressures due to refugees which was identified as an increased risk on resources available.
- Under the Homes for Ukraine scheme some revenue funding had been received for specific measures.

The Chair advised that:

- The LGA had produced a toolkit and guidance on how to deal with mental health problems in the workplace. He noted that staff and councillors experienced abuse, online and in person, or over the phone. He would provide this document to the Senior Solicitor and Monitoring Officer.
- The Chair advised that he welcomed the simplified format of the Corporate Risk Register which had been requested by the Committee to make the tracking of more significant risks more straightforward.

RESOLVED that the Corporate Risk Register be noted.

Chair

The meeting ended at 7.31 pm

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

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