

**NORTH DEVON COUNCIL**

Minutes of a meeting of Governance Committee held at Barum Room - Brynsworthy on Monday, 11th March, 2024 at 6.30 pm

PRESENT: Members:

Councillor Norman (Chair).

Councillors Bushell, Haworth-Booth, Jones, Orange, Quinn and Stevenson.

Co-opted Independent Member Naomi Whitmore.

Officers:

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

Also Present in person:

Paul Middlemass (Devon Audit Partnership).

Alex Walling (Bishop Fleming).

Charlie Martin (Bishop Fleming).

Also Present virtually:

Ken Johnson (Devon Audit Partnership).

**66. APOLOGIES FOR ABSENCE**

There were no apologies for absence received.

**67. TO APPROVE AS A CORRECT RECORD THE MINUTES OF THE MEETING HELD ON 9TH JANUARY 2024**

RESOLVED that the minutes of the meeting held on 9<sup>th</sup> January 2024 (circulated previously) be approved as a correct record and signed by the Chair.

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

The Chair welcomed the new Auditors and the Co-opted Independent Member of the Committee.

The Chair advised those present that the annual survey for the Governance Committee would be issued soon, and requested that it was completed promptly to enable the results to be collated and presented at the next meeting.

**69. DECLARATIONS OF INTERESTS.**

There were no declarations of interest declared.

**70. INTRODUCTION TO NEW EXTERNAL AUDITORS - BISHOP FLEMING**

The Chair welcomed the new External Auditors (Bishop Fleming) to the Committee and invited them to introduce themselves.

The Auditors provided a brief summary of their background, experience, and their role within Bishop Fleming.

The Public Sector Audit Director (AW) advised that Bishop Fleming predominately covered the South West of England. She acknowledged the nationwide shortage of auditors and the issues regarding unfinished audits across the UK. She was confident that Bishop Fleming would meet the audit requirements with their resources.

The Director of Resources and Deputy Chief Executive confirmed that meetings had taken place with the auditors and that the works/dates had been programmed.

**71. BUSINESS CONTINUITY UPDATE**

The Committee received an update on Business Continuity from the Emergency Planning Officer.

The Emergency Planning Officer gave an overview of the subject; advising it was the process for assessing the risks faced by the organisation, and analysing the impacts they may have on day to day operations. Business Continuity Management was about identifying what parts of the business it could not afford to lose, such as premises, staff or information and putting the necessary plans and mitigations in place so if the worst happens it could maintain essential services.

The Emergency Planning Officer advised:

- Exercising and testing was a vital element of the business continuity management life cycle as it ensures our arrangements were validated.
- Last year SMT signed off the exercise and testing strategy which outlined the frequency of exercises and types of exercises that would be completed across the organisation.
- In addition to exercising, the Council had recently procured organisational resilience training for all managers. This was a key recommendation following

the exercises. This training was currently being installed, ready to be rolled-out.

- There were a range of plans in place to help the council respond to a business interruption or incident. These included the Business Continuity Implementation Plan, the Business Continuity Policy and Service Resumption Plans. There were also specific risk plans such as the Fuel Shortage Plan (which outlined the council's response to a fuel shortage)
- There were supporting plans such as the crisis communications framework which was currently in development with the communications team.
- There were two outstanding recommendations for emergency planning. One was awaiting an output from the Local Resilience Forum, and the other was for the training to resume for Councillors. This training would be scheduled for any who had not yet received it.
- So in terms of next steps:
  - All services would be moved across to the new service resumption templates.
  - The service resumption plans would need to be validated through an annual exercise to ensure they were accurate, reliable and workable.
  - All managers were required to complete the business continuity training.
  - A joint Cyber and business continuity exercise was being considered for 2024.
- The National Security Risk assessment was released by government at the end of 2023. The local resilience forum, which was a multi-agency group of emergency services; local authorities and other responders have assessed this and developed a more localised community risk register. The next steps were to assess these risks and ensure the plans currently in place were appropriate and where further mitigation may be needed look to introduce a new specific risk plan.

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

- The ICT team carried out continual testing of their back-up systems.
- Procedures were in place to support organisations (including zoos) during times of hardship – such as support through the licencing team and the previous financial assistance provided in the form of business grants during the pandemic.
- National protocols were in place for National emergencies.

In response to questions from the Committee the Emergency Planning Officer confirmed that:

- The organisation was now in a stronger position, and more prepared, than before (the pandemic).

- Risk assessments had been completed as part of the business impact assessments.
- The plans were flexible and enabled responses using minimal resources

In response to a question from the Co-opted Member, the Emergency Planning Officer confirmed that although Climate Change was not identified as a risk in the plans, the effects of climate change, such as local flooding would be. The plans considered the effects and results of climate change, rather than the cause.

RESOLVED that the update on Business Continuity be noted.

**72. INTERNAL AUDIT PROGRESS REPORT 2023-24**

The Committee considered a report by Devon Audit Partnership regarding the Internal Audit Progress Report (circulated previously).

The Internal Auditor advised the Committee that;

- The overall opinion was that of Reasonable Assurance.
- Within the report, three audits were 'reasonable assurance' – these were Harbour Management, Vehicle Maintenance, and Climate Change.
- Building Control Partnership report was limited assurance. This was a joint partnership with Mid Devon District Council. There had been an issue in recruitment of Building Control Officers which was having an impact on the organisation.
- It had been agreed to defer two audits (Procurement and Food Safety) due to insufficient resources being available.

In response to questions from the Committee, the Senior Solicitor and Monitoring Officer confirmed that he thought the Councillors had now all received their Harbour training, but this would be checked and confirmed to the Chair as the data was not available at the meeting.

The Internal Auditor confirmed (in relation to the Harbour Management audit) that;

- The Development Strategy for the harbour had covered the period 2012-2026, and a business plan created in November 2019 covered 2020-2023 which now needed to be updated or re-issued.
- The information available on the Council's website in relation to the harbour was of a low-level.
- Performance measure indicators could be set once it had been decided what these should be – and what the aims were- e.g. in terms of visitor numbers/targets.

In response to questions from the Committee. The Director of Resources and Deputy Chief Executive advised that;

- There had been a number of vacant posts within Building Control at the time of the audit, but now five of those seven posts had been filled. There was now

only one agency staff member in that team. He also noted that market share had increased from 75% to 80% in quarter 3 (of 2023/34).

- The partnership had now been in place for 5-6 years and would be reviewed during 2024 and assessed to determine whether any changes were required. The sharing of resources did provide benefit on paper. The costs were currently split at 60%/40% with NDC covering the 60%.

The Internal Auditor confirmed that the Building Control Partnership audit would be followed-up in 2024-25.

RESOLVED that the Internal Audit Progress Report be noted.

**73. INTERNAL AUDIT CHARTER AND STRATEGY**

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

RESOLVED that the Internal Audit Charter and Strategy be approved.

**74. INTERNAL AUDIT PLAN 2024-25**

The Committee considered a report by Devon Audit Partnership regarding the Internal Audit Plan Report 2024-25 (circulated previously).

The Internal Auditor advised that the Internal Audit Plan Report 2024-25 detailed the audits proposed for the next four years: 2024-25, 2025-26, 2026-27 and 2027-28, along with the dates when each had previously been undertaken.

The plan was based on 247 days' work (an increase on the prior year).

In response to questions from the Committee, the auditor advised that there was an element of flexibility to the plan and audits could change their priority. He advised that District Councils had more clarity about which audits were required in comparison to larger, County Councils.

The Director of Resources and Deputy Chief Executive confirmed that the draft audit plan had been considered by the Senior Management team (SMT). A further 7 days were available as a contingency plan.

RESOLVED that the Internal Audit Plan 2024-25 be approved.

**75. INTERNAL AUDIT ANNUAL COUNTER FRAUD RESILIENCE REPORT**

The Committee considered a report by Devon Audit Partnership regarding the Internal Audit Annual Counter Fraud Resilience Report (circulated previously).

The Internal Auditor (KJ) advised the Committee:

- The Chartered Institute of Public Finance and Accountancy (CIPFA) reported that Local Authorities needed to respond to an ever-increasing threat from fraud, and that the DWP had used the CIPFA framework to drive their agenda across their partnerships.
- NDC complied in almost all areas of counter-fraud 'best-practice'. Further work in awareness training and the exchange of knowledge between DAP and NDC would add further value to counter fraud resilience.
- The National Fraud Initiative (NFI) exercise 2023-24 (the matching of data between public and private sector bodies to detect and prevent fraud) was nearing completion and results had been issued. The DAP were working with officers and targeted those areas of highest risk. Departments completing those matches do so to ensure their data management was compliant with the Data Protection Act 2018. This covers data minimisation, accuracy, and data retention periods.
- Government reports regarding serious fraud indicate that likelihood of being a victim of fraud was increasing in society and it was clear that fraud activity had been increasing for some time.
- The DAP were available should any officers require advice and/or assistance with any issues.
- Looking at risk assessments it was clear that there had been good work undertaken by officers in looking to identify and reduce fraud.
- On the whole the report findings were that the authority had a 'good bill of health' and good work was being done.

RESOLVED that the Internal Audit Annual Counter Fraud Resilience Report be noted.

**76. EXTERNAL AUDIT PLAN 2023-24**

The Committee considered a report by Bishop Fleming regarding the External Audit Plan 2023-24 (circulated previously).

The External Auditor (AW) confirmed:

- Nationally there were 771 outstanding audits. There was a large backlog due to issues regarding recruitment across the industry. Much discussion had taken place over the past 12-18mths with regards to a solution.
- There were potential changes to the CIPFA code with regards to the valuation of property, plant and equipment. This could have an impact on audits during 2023-24.
- NDC was in a positive situation as was not one included in the number of authorities affected by the backlog.

The External Auditor (CM) confirmed:

- The high-level audit timetable had been agreed with the NDC management.

- The report set out the areas of audit work, risks, and confirmed the independence of Bishop Fleming as the auditors for NDC.

In response to a question from the committee, the External Auditor (CM) advised that the 'value for money' arrangements were included in the planned works.

RESOLVED that External Audit Plan 2023-24 report be noted.

**77. UPDATE REPORT ON FRAUD INVESTIGATIONS**

The Committee considered a report by the Senior Solicitor and Monitoring Officer regarding the update on the Conduct of Investigations (circulated previously).

The Senior Solicitor and Monitoring Officer advised the Committee there had been no investigations since the last report.

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

**78. HALF YEARLY REPORT BY THE CHAIR OF THE GOVERNANCE COMMITTEE**

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

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

**79. 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:

- There were 19 live audit reports – as listed in table A.
- 9 recommendations had been included in table B (recommendations completed since the last meeting of the Governance Committee)
- Table C detailed 7 recommendations for which time extensions were being requested. Of those, any relating to Emergency Planning were discussed under item 7 of the agenda, and the ICT recommendations were 95% complete and required a short extension to 31 March 2024

The Director of Resources and Deputy Chief Executive explained that:

- 22 EM 12 - The Property team had been busy dealing with some large-scale projects (Future High Street Fund etc.) and were only required a

short extension to enable them to complete the global list of survey requirements. The condition surveys that then followed would eventually then feed into the new Asset system software.

- 22 PO 07 – A car-parking strategy was being developed to enable their use to be maximised. A report outlining this strategy would be considered at Strategy and Resources Committee in May/June 2024.
- Appendix E had previously shown 16 audits; now just one remained outstanding. 21 AG 13 was at 85% completion and would be completed by 30<sup>th</sup> September 2024.

RESOLVED:

- (a) that the time extensions requested in the Audit Recommendation Tracker be approved; and
- (b) that the number of any previous extension requests be added to the report in the future; and
- (c) that the Audit Recommendation Tracker be noted.

**80. WORK PROGRAMME 2024 - 2025**

The Committee considered the work programme for 2024-25 (circulated previously).

RESOLVED:

- a) that the item 'Letter of Representation be moved from 23 Sept 2024 to 12 Nov 2024, and
- b) that the work programme for 2024-25 be noted.

**81. SUMMARY OF THE RISKS IDENTIFIED UNDER THE CORPORATE RISK REGISTER**

The Committee considered the Summary of the Risks Identified under the Corporate Risk Register report by the Head of Governance (circulated previously).

The Head of Governance confirmed that the risks identified would be considered in greater detail under agenda item 19 of this agenda.

Item 19 was classified as restricted and would be discussed following the exclusion of Public and Press.

**82. 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 items 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 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”.

**83. ADJOURNMENT OF MEETING**

RESOLVED that it being 8:14 pm the meeting adjourn for five minutes for a comfort break.

RESOLVED that it being 8:19 pm, the meeting now re-convene.

**84. 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 group (CORGI) had met on 21<sup>st</sup> February, to review and update the corporate risk register. Whilst there had been no changes to the scores, each risk had an updated note for review
- With the permission of the chair, it had been agreed to report only those corporate risks above the risk toleration line i.e. scoring more than a six on the risk matrix on page 122.
- The Business Continuity risk had been covered on this agenda with Cyber and Temporary Accommodation covered at previous committee meetings. It was planned that an update on staff recruitment and retention would be provided at the September committee meeting.

The Director of Resources and Deputy Chief Executive confirmed that the risk of Cyber Security would be a potential risk for all organisations and would be classed as a ‘high risk’ due to the continual changes and advances in technology and the skills of potential ‘hackers’.

RESOLVED that the Corporate Risk Register be noted.

Chair

The meeting ended at 8.32 pm

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