

## **North Devon Council Governance Committee**

Date: September 2024

### **Half Yearly Report of the Chair of Governance Committee**

As the Governance Committee Chair, I attended and chaired the Devon Audit Partnership Committee (DAP) meeting, on which each member authority is represented, these meetings are a combination of virtual and in person held at Devon Council Hall, these are formal meetings as part of the Devon County Council Governance arrangements.

I attended along with our Director of Resources / Deputy Chief Executive a DAP workshop event at Buckfast Abbey Conference Centre which included presentations, discussion on Internal Audit, Counter fraud, impact of AI, a great opportunity to network with our respective peers.

In September, as North Devon Councils representative I attended the Southwest Councils Chairs Audit Forum in Taunton which meets again both in person and virtually a few times a year. This is a body of 29 county, unitary and district councils. I was elected Vice Chair for the next 12 months. The forum will be focussing on sharing best practice within audit and governance and I will feedback to NDC Governance Members any relevant findings etc.

This report was last presented in March 2024. Since then the Committee has met once (11<sup>th</sup> June 2024). This report summarises those two meetings.

### **11<sup>th</sup> March 2024:**

#### **Introduction to New External Auditors – Bishop Fleming**

The Chair welcomed the new External Auditors (Bishop Fleming) to the Committee. 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.

#### **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.

## **Internal Audit Progress Report 2023-24**

The Committee was advised the Head of Internal Audit's 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.
- The Internal Auditor confirmed that the Building Control Partnership audit would be followed-up in 2024-25

## **Internal Audit Charter and Strategy**

The Committee approved the Internal Audit Charter and Strategy.

## **Internal Audit Plan 2024-25**

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). 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.

## **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. 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.

## **External Audit Plan 2023-24**

The Committee considered a report by Bishop Fleming regarding the External Audit Plan 2023-24 (circulated previously). The auditor advised that nationally there were 771 outstanding audits. There was a large backlog due to issues regarding recruitment across the industry. There were potential changes to the CIPFA code with regards to the valuation of property, plant and equipment which 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.

## **Update report on the Conduct of Fraud Investigations**

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

## **Audit Recommendation Tracker**

The Committee noted the following updates:

- There were 19 live audit reports
- 9 recommendations had been completed since the last meeting of the Governance Committee)
- There were 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

## **Corporate Risk Register**

The Head of Governance advised the Committee that the executive summary of the report listed. Each was covered within 'Part B' of the meeting.

## **11<sup>th</sup> June 2024:**

The Committee thanked the Auditor, Paul Middlemass, for his contribution to the Governance Committee, and the Authority, and wished him well on his upcoming retirement.

## **Internal Audit Annual report**

The Committee was advised that overall, the Head of Internal Audit's opinion was of "Reasonable Assurance".

A summary of the assurance opinions provided within the year confirmed the following at each level:

- 8 Substantial
- 16 Reasonable
- 1 Limited
- 1 Grant certification

The Internal Auditor (PM) advised that this compared favourably to 2022-23 which had 4 Substantial, 16 Reasonable, and 4 limited.

### **Compensation Payments Made Under Delegated Powers**

The Head of Customer Focus advised that a total of £1547 had been paid out during the year (2023-2024). The number of payments had been similar to the prior year although there were a few more in relation to Waste and Recycling (missed collections) as a result of challenges in the service in the summer. The £250 payment to a planning customer was due to exceptional circumstances in a pre-application.

### **Draft Statement of Accounts 2023-2024**

The Draft Statement of Accounts were signed-off on 31st May 2024 by the Chief Financial Officer. As at 3rd June 2024, around 65 District Councils had theirs signed (of a total 164). External audit works were programmed (by Bishop Fleming) for August/September 2024, with a view to being presented to Full Council in November 2024. The aim was for an 'Unqualified opinion'.

### **Draft Annual Governance Statement 2023-2024**

The Head of Governance advised the Committee that there had been 16 internal audits carried out by the Devon Audit Partnership (DAP) within 2023-2024 and the overall assessment was that the Council had a sound system of governance, risk management and control in place.

There were some areas identified for improvement such as:

- Reviewing the requirements of the Local Government Transparency Code
- Updating the Procurement Strategy (to be ready for the new Procurement Act which would come into force in October 2024)
- Updating the Asset Management Plan, Commercialisation Strategy and Housing Strategy.

The view of the external Auditors, Bishop Fleming, would be included in the final AGS when presented to Full Council with the full accounts.

### **Review of the Committee's Terms of Reference**

The Committee considered a report reviewing the Committee's Terms of Reference. The Senior Solicitor and Monitoring Officer confirmed that The Governance Committee was lacking in suitable powers within the Constitution to determine complaints regarding the conduct of District and Parish Councillors. Therefore a revision to the Constitution was needed to provide for this and further, such powers should be delegated to newly established sub-committees of the Governance Committee.

### **Review of the Planning Code of Conduct**

The review had come about following comments from Planning Barrister, Tim Leader, of St John's Chambers. During a training session, the barrister had questioned elements of the Council's Planning Code of Conduct, which led to it being reviewed in full.

## **Annual Review of the Committee's Effectiveness**

The Director of Resources and Deputy Chief Executive confirmed that

- 8 of the 9 Committee members had completed surveys
- Of those the majority of answers had been 'Yes' which was a positive outcome

The Committee was provided with additional information regarding those questions, and answers where there had been missed or not known responses:

- Committee members had received training which was provided 'in-person' and then recordings had been provided to any who had been unable to attend.
- Refresher training sessions would be provided for Committee members at intervals during their time on the committee.
- Attendance at Governance Committee overall had been very high

## **Exemptions to Contract Procedure Rules**

The Committee considered an extract from the minutes of the Strategy and Resources Committee of 8 April 2024 (circulated previously). The extract covered a decision in relation to the contract with 361 Energy CIC. The Senior Solicitor and Monitoring Officer advised that the contract was an extension of an existing programme but that it had met the criteria to require it to be presented to the Governance Committee.

## **Audit Recommendation Tracker**

The Committee noted the following updates:

- There were 22 live audit reports
- 37 recommendations had been completed since the last meeting of the Governance Committee)
- There were 11 recommendations for which time extensions were being requested. Of those, ten were for extensions within the next 6-month period. Six were already 75% complete.

## **Request for Flexible Retirement**

The Committee considered a report 'Request for Flexible Retirement'. The request was supported for the employee with effect from October 2024.

## **Corporate Risk Register**

The Head of Governance advised the Committee that the executive summary of the report listed the risks. Each was covered within the report with updated notes. The Committee was advised that alternative roofing options were being considered at Green

Lanes Shopping Centre with a view to their renewable energy solutions and their 'green' options.

### **Request for Flexible Retirement**

The Committee considered a report 'Request for Flexible Retirement'. The request was supported for the employee with effect from October 2024.

My thanks to my Vice Chair Cllr Orange for their support, and all the other members of the Governance Committee for their commitment and work, adding welcomed support and challenge to our meetings. Particular thanks to officers of the Council for their valuable attendance and contribution to the reports presented at the committee and to our representatives from both Devon Audit Partnership (Internal Auditors Auditors) and Bishop Fleming (External Auditors)

A special thank you to Mrs Johnston our Corporate and Community Services Officer who ensures the efficient working of our committee and the valuable support she provided the Chair.