

NORTH DEVON COUNCIL

Minutes of a meeting of Governance Committee held at Virtual - Online meeting on Tuesday, 12th January, 2021 at 6.30 pm

PRESENT: Members:

Councillor Roome (Chair)

Councillors Jenkins, Lane, Luggar, Phillips and Walker

Officers:

Chief Executive and Accountancy Services Manager

Also Present:

Councillor Wilkinson

119. VIRTUAL MEETINGS PROCEDURE - BRIEFING AND ETIQUETTE

The Corporate and Community Services Officer advised the Committee of the etiquette and procedure for virtual meetings.

120. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Campbell.

121. TO APPROVE AS A CORRECT RECORD THE MINUTES OF THE MEETING HELD ON 3RD NOVEMBER 2020 SUBJECT TO:

RESOLVED that the minutes of the meeting held on 3rd November 2020 (circulated previously) be approved as a correct record and signed by the Chair subject to the replacement of the word "Insurance" with "Assurance" in minute 114.

122. DECLARATIONS OF INTERESTS.

There were no declarations of interest declared

123. UPDATE ON GOVERNANCE ARRANGEMENTS

The Chief Executive presented the Committee with an Update on Governance arrangements.

He advised the Committee of the following:

- 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.
- The comments from those five Members included the following
 - Although community safety now fell within the remit of the Licensing Committee, not much had been discussed in relation to that issue.
 - Lead Members were not also members of the Strategy and Resources (S&R) Committee and there were some Members who felt that they should be. This was not put in the Constitution as it was felt at the time that there should be greater flexibility over who should be appointed as a Lead Member. The Members liked the briefings which were now more frequent.
 - It was felt that little 'steer' was coming from the S&R Committee.
 - Policy and Development needed to be developed further. The Chief Executive added that at the next meeting the Committee would be looking at agricultural issues.
 - The lack of an Environmental Committee was raised. The Chief Executive advised that this was fed through the S&R Committee, likewise issues such as Housing etc. This was a feature of the streamlined committee system that the Authority had adopted and increasing the number of committees would start to make the system unwieldy again and lose the advantages of the current system.
- 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.

In response to questions from the Committee, The Chief Executive advised:

- If the Lead Members were to be required to be drawn from Members of the S&R Committee the question of proportionality would need to be addressed. Currently there was greater flexibility which enabled those with relevant experience to be Lead Members. There was no recommendation to make changes. This had been raised by one Councillor.

The Chair advised that as Lead Members, Councillors could attend the S&R Committee, or approach a Chair of a Committee if a decision was required if relevant. They did not need to be Members of the Committee.

RESOLVED that the update on Governance Arrangements be noted.

124. UPDATE ON BUSINESS CONTINUITY

The Chief Executive presented the Committee with an Update on Business Continuity.

He advised the Committee of the following:

- 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.

RESOLVED:

- (a) that a further Business Continuity update be provided in two cycles, and
- (b) that the update on Business Continuity be noted.

125. INTERNAL AUDIT PROGRESS REPORT

The Committee considered a report by Devon Audit Partnership regarding the Internal Audit progress report for 2020/21 (circulated previously).

The Committee was advised of the following in relation to the Internal Audit Progress Report 2020/21:

- 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.

In response to questions from the Committee, the following was advised:

- The amounts involved in the journal adjustments were not large and similar arrangements were in place in many Authorities. The Auditors had no undue concerns regarding these checks.
- A journal was an internal movement of funds by a system of cost codes. The Accountancy Manager reviewed any in excess of £10,000.
- There would be no reduction in Audit fees as a result of the reduction in days of work performed by the Auditors.
- Policies and arrangements designed to prevent and reduce fraud, such as on Pay and Display, and Benefits, were being examined. If there were concerns over additional works such as Covid grants this could be undertaken if required.

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.

The Committee discussed the advantages of appointing an independent member to the Governance Committee. The Committee noted that whilst the idea was well received there could be difficulty in appointing someone with the right skill set and experience to the role.

The Chief Executive added that there would be a need for an amendment to the Authority's Constitution which would allow the Committee to both appoint an independent member but also to function without one if the situation arose.

The Committee thanked the Auditors for their report which they had found to be comprehensive and easy to understand.

RESOLVED that the Internal Audit Progress report be noted.

126. EXTERNAL AUDIT ANNUAL AUDIT LETTER

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

The External Auditor (PB) confirmed:

- 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.

The Accountancy Manager confirmed that the Head of Resources was satisfied with the proposed increased fees due to the extra work put onto the team. He had also assumed that the fee would be similar to that in the 2021 budget (at a higher level).

The Chair wished to note the leadership of the Head of Resources and the Accounting Manager and the appreciation for the work they, and their team, achieved during the pandemic. He felt they had coped well and completed fantastic work.

In response to questions from the Committee, the Chief Executive confirmed that:

- Details of any complaint where compensation payments were made which exceeded £500 were presented to the Governance Committee. A report of the complaint, plus the ombudsman's report would be presented. He advised that approximately 22 complaints were received each year – most in relation to planning matters which was not unusual.
- The Audit reports were public documents and made available to the public as part of the agenda.

The Accountancy Manager confirmed that the Auditors had undertaken work in relation to the checking of journals. Extra checks on the transactions had taken place but no errors found. The journals were internal transactions and allocations of costs against cost-codes and not payments nor receipts externally.

RESOLVED that the External Audit Annual Audit Letter be noted.

127. EXTERNAL AUDIT PROGRESS REPORT AND SECTOR UPDATE.

The Committee considered a report by Grant Thornton regarding the External Audit Progress report and Sector Update (circulated previously).

The External Auditor (PB) confirmed:

- The only outstanding work from 2019/20 was for the Housing Benefit certification, which was now almost complete and due to be signed off within the next two weeks. That would conclude the 2019/20 works.
- 55% of the audits had been signed-off by November 2020.
- There were challenges for 2020-21. At this point the planning would usually commence for the new-year, however, 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.

In response to questions from the Committee, the External Auditor (PB) confirmed that:

- The changes to the VFM arrangements were not as a result of the Richmond Review. The changes were welcomed and would provide detailed narrative on the Audit findings and be signed off to a materiality level.
- The valuation of an Authority’s assets creates a significant amount of work each year.
- Auditors did have a range of powers which they could use if appropriate. If used, details of such would be included in a report along with the reasoning behind any decision to use them.

RESOLVED that the External Audit Progress Report and Sector Update be noted.

128. 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:

- Five recommendations had been included in table B (recommendations completed since the last meeting of the Governance Committee).
- Table C detailed four recommendations for which time extensions were being requested. Of there, 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 (table D).

In response to questions from the Committee, the Chief Executive advised:

- Although the recommendations in Table E (Annual Governance Statement) showed 0% progress, works had been done towards each of them. The three were live audits.
- The Authority did take part in joint working with other organisations and that the specific arrangements could vary. Examples ranged from loose collaborations to formal joint committees. Not all collaborative working required formal arrangements to be set.
- Discussions regarding how Local Authorities worked together were the remit of the Leader.
- There had been a culture shift at the Authority and SMT had been stricter in ensuring that the recommendations were given priority.

RESOLVED:

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

129. WORK PROGRAMME 2020-2021

The Committee considered the work programme for 2020/21 (circulated previously).

RESOLVED that the work programme for 2020/21 be noted.

Chair

The meeting ended at 8.20 pm

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