

Torridge District Council



**TORRIDGE
DISTRICT
COUNCIL**



Annual Governance Statement 2020/2021

September 2021

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Executive Summary

In delivering its services the Council is responsible for putting in place proper arrangements for the governance of its affairs. We remain committed to the principles of good governance as identified in 'Delivering Good Governance in Local Government Framework 2016'.

The Council has in place a comprehensive governance framework (see summary on page 7) and this framework provides a range of processes to continually review and challenge the effectiveness of the Council's governance arrangements.

The information in this document confirms that in 2020/21 an adequate framework existed within Torridge District Council to ensure that effective internal controls were maintained.

The impact of the COVID-19 pandemic resulted in changes to the governance arrangements of the Council (see pages 8 & 9 for details). This included: the implementation of new technology to enable decision making bodies to operate; the loss of income streams impacting on the Council's long term viability; an unavoidable breach of the Treasury Management strategy; the closure of key leisure facilities and the impact on contractual arrangements; pressure from the government to pay business support grants without the normal due diligence processes in place; preparing for elections in May 2021; and the general impact on service delivery to meet social distancing requirements.

Throughout 2020/21 the Strategic Management Team ensured that wherever possible the Council's governance framework operated effectively. This report sets out in detail the roles of Senior Management, Members, and Internal and External Auditors, in delivering effective governance arrangements in 2020/21.

The **Statutory Finance Officer** has taken account of the requirements of the CIPFA Financial Management Code 2020 and reached the overall conclusion that Torridge District Council is compliant with the principles of the Code.

Three key issues have been identified that need to be addressed to ensure continuous improvement in our Governance Framework. These are set in the action plan on page 18.

As part of our annual governance review, key officers have also been consulted for their views on the standards of governance within the Council – specifically:

- The Statutory Finance Officer,
- The Monitoring Officer,
- The Chief Executive Officer, and
- The DAP Partnership Manager.

Approval of the Annual Governance Statement

Our overall assessment is that this Annual Governance Statement is a balanced reflection of our governance environment and that an adequate framework existed within Torridge District Council to ensure effective internal controls were maintained in 2020/21.

Through the actions referred to on page 18, we propose over the coming year to address the issues that have been identified, with a view to further enhancing our governance arrangements. These steps will identify improvements that are needed and we will monitor their implementation and operation as part of our next annual review.

Signed:

Date:

Councillor Hackett
Chair of Audit & Governance Committee

Signed:

Date:

David Heyes
Statutory Finance Officer

Signed:

Date:

Steve Hearse
Chief Executive Officer

Signed:

Date:

Councillor James
Leader of the Council

Identification of Key Governance Arrangements

Torrige District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money allocated to it is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.



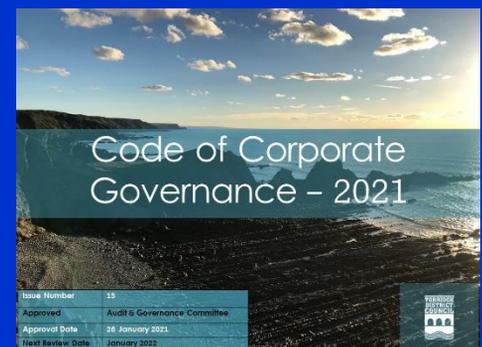
The Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the Chartered Institute of Public Finance & Accountancy (CIPFA) and Society of Local Authority Chief Executive's (SOLACE) Framework Delivering Good Governance in Local Government Guidance Notes for English Authorities 2016. This statement explains how Torrige has complied with the code and also how we meet the requirements of the Accounts and Audit (England) Regulations 2016, which requires all relevant bodies to prepare an Annual Governance Statement.

The Code of Governance sets out the principles of good governance and describes the arrangements the Council has put in place to meet each of these principles:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement
- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it
- F. Managing risks and performance through robust internal control and strong public financial management
- G. Implementing good practices in transparency, reporting, and audit, to deliver effective accountability

A copy of the Council's code is available on our website at www.torrige.gov.uk/governance or can be obtained from:

Head of Legal & Governance
Riverbank House
Bideford
Devon
EX39 2QG



Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values, by which the Council directs and controls its activities, and how it leads, engages with and accounts to the community it serves. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services and outcomes.

The system of internal control is a significant part of that framework and is designed to manage risk to an acceptable level in accordance with our 'risk appetite' threshold. It cannot eliminate all risk of failure to achieve the Council's aims and objectives, but it seeks to provide reasonable rather than absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify, prioritise and manage the risks to the achievement of the Council's aims and objectives.

The governance framework has been in place at Torridge District Council for the year ended 31 March 2021 and up to the date of approval of the annual statement of accounts.

Code of Corporate Governance

The Council's Governance Framework addresses the way the Council is controlled and managed, both strategically and operationally, and how it will deliver its services. The Framework recognises that the Council's business is focussed upon its corporate priorities and seeks to facilitate delivery to our local communities of the goals set out in the Strategic Plan. The structures and processes, risk management and other internal control systems, such as standards of conduct, form part of this Framework, which is about managing the barriers to achieving the Council's objectives.

The local Code of Corporate Governance is reviewed annually through the Audit and Governance Committee. This last happened on 26 January 2021. Members and senior officers are responsible for putting in place proper arrangements for the governance of the Council's affairs and the stewardship of the resources at its disposal. This task is managed by the Strategic Management Team (SMT) which is comprised of the Chief Executive Officer, the Section 151 Officer, the Senior Solicitor/Monitoring Officer, and the Head of Communities and Place.

To achieve its vision/objectives the Council has designed systems and processes to regulate, monitor and control its activities. The Code of Corporate Governance sets out the controls in full.

Key Components of Our Governance Framework

Annual Governance Statement

(Confirms that the Council Meets Account & Audit Regulations and is published with the Annual Accounts)

Audit & Governance Committee

(Challenge the draft AGS and supporting evidence.
Approve the AGS)

Chief Executive & Strategic Management Team

(Challenge the draft AGS and supporting evidence)

Internal Audit

(Annual Audit Opinion)

S151 Officer

(Promote & Deliver Good Financial Management)

Monitoring Officer

(Legal & Ethical Assurance)

Code of Corporate Governance

(The Council's commitment to good governance based on the principles of the CIPFA/SOLACE framework)

Constitution
Code of Conduct
Scheme of Delegation
Complaints Process
Equality & Diversity

Standards Committee

Public Consultations

Complaints Summary Reports

Local Government Ombudsman Report

Strategic Plan
Policies & Procedures
Business Planning
Business Continuity
Performance Results
Partnership Protocol

Manager's Assurance Statements

Committee Reports

Scrutiny Committee (External)

Quarterly Business Report

Annual Audit Opinion (Int)

Scrutiny Committee (Internal)

Financial Management Framework
Budget Monitoring Process
Compliance with CIPFA Guidelines

Medium Term Financial Strategy

Statement of Accounts

Treasury & Investment Strategy

Annual Audit Letters (External)

Financial & Contract Procedure Rules

HR Policies
Pay Policy
Risk Management

Corporate Risk Register

Service Risk Registers

Personal Appraisals

Whistleblowing Policy

Bribery, Anti-Fraud & Corruption Policy

Impact of COVID-19 on Governance Arrangements

The COVID-19 pandemic had a significant impact on the Council's day to day operations throughout 2020/21. Torridge's Strategic Management Team worked with Lead Members to ensure that the majority of the Council's services could still be delivered to its residents, whilst also facilitating the effective implementation of the the additional measures imposed by the government to minimise the impact of the pandemic on the local economy and keeping vulnerable members of our communities safe. This required changes to existing working processes and the rapid implementation of some new processes and this had a consequent impact on the Council's governance arrangements.

The Council's main decision making bodies operate as public sessions. Such meetings were cancelled by the government in March 2020 and legislation was then amended to allow the meetings to take place remotely. Aware of the major impact on the Council's decision making arrangements, Senior Officers and Lead Members held virtual meetings to agree and prioritise the necessary process changes. Some meetings were cancelled, including the 2020 AGM (Members agreed to continue the existing arrangements regarding the allocation of key Member roles) and Zoom technology (with appropriate training) was rolled out to all Members to enable decision making bodies to re-start from June 2020 onwards.

The Council was able to re-establish its full committee arrangements for the majority of 2020/21 with a high level of public participation, and through a combination of scheduled and extraordinary meetings the Council's decision making arrangements remained effective. This is evidenced by the major staff restructure that took place during the year and the timely appointment of the three statutory officer posts by Full Council.

The loss/reduction in some of the Council's income streams, added to the additional costs associated with keeping communities safe and local businesses solvent, resulted in a major financial burden for the Council.

During 2020/21 the Statutory Finance Officer continually assessed the impact of COVID-19 on the Council's long-term financial viability and provided regular updates to Members.

Due to the large sums of money paid out to local businesses (funded by the Government) the Council's Treasury Management Strategy counterparty thresholds (the maximum investment amount and the maximum holding with any single institution) were breached during the year. This was unavoidable as the Government paid the money directly to Torridge where it was held on account pending payment.

In line with the Treasury Management strategy these breaches were reported to Full Council.

Although no elections were held in Torridge in 2020, elections did take place on 6th May 2021. A great deal of work was undertaken by the Council to meet COVID-19 guidelines (e.g. regarding the safety of staff and voters) whilst ensuring that on polling day the elections were carried out in accordance with the democratic principles enshrined in UK legislation.

The Leisure Contract between Torridge District Council and 1610 expires in March 2022 and under normal circumstances the Council would utilise the timeframe and opportunities for implementing the post 2022 arrangements for the district's Leisure Services. These activities have been severely impacted by the COVID-19 pandemic.

The issues have been exacerbated by the closure of the district's main leisure facilities throughout 2020/21 and the dramatic impact this has had on the market place.

Senior Officers have kept Full Council fully informed of the situation and Members resolved (in November 2020) that the Council would not enter into contractual dispute and to allow officers to work with 1610 to the end of the contract. An external contracted employee has been engaged to support the process. Senior Officers reported to Full Council in April 2021 about 1610's plans for reopening Torridge's leisure centres in line with the government's roadmap.

Ministers and Government Departments placed enormous pressure on Local Authorities to pay, on an agency basis, grants to local businesses to financially support them during the COVID-19 pandemic. The grants had to be paid out in the absence of finalised government guidance (which was also often changing) and without the level of due diligence that officers would conduct in ordinary circumstances before making payments.

It has already been identified that some grants probably would not have been paid had the Council had more time to manage the process in a normal controlled manner. Recovery action has commenced to recover sums overpaid and the Council is in contact with BEIS/MHCLG to establish the level of recovery action envisaged.

The social distancing requirements imposed by the Government meant that it was no longer possible for the Council's officers to work in their normal environment. In March 2020 Torridge's IT team implemented arrangements to allow approximately 150 staff to work from home and gain secure access to the Council's data and systems. This allowed many of the Council's services to continue to operate as close to normal as possible.

Ten staff were furloughed between March and May 2020 and some officers were redeployed to keep services running and to maximise efficiency: Planning Support to assist with Business Rates; Democratic Services and Customer Services to assist with Waste and Recycling Calls and HR; Finance to assist with Parking; Parking to assist with HR; Environmental Health, Parking and Legal to assist with Waste and Recycling calls.

The Leisure services facilities have remained closed in 2020/21. Other services closed on a temporary basis or operated reduced services: Northam Burrows, Public Conveniences, Grounds Maintenance, DFG related works, construction projects, food inspections, and the Customer Service Centre.

Evaluation of the Effectiveness of Governance

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by:

- ✓ The work of the Strategic Management Team who have responsibility for the development and maintenance of the governance environment;
- ✓ The Annual Internal Audit Assurance opinion, as provided by the Devon Audit Partnership;
- ✓ Comments made by the External Auditors and other review agencies and inspectorates;
- ✓ The Audit & Governance Committee which reviews that the elements of the governance framework are in place and effective, to ensure compliance with the governance principles. They also reviewed the system of internal audit and concluded it was effective and remained a key source of assurance for the Council in 2020/21.

Role of Strategic Management Team

The Council's Senior Managers have completed governance assurance statements for each operational service within their control. Each statements verifies for 2020/21:

- ✓ *My service is aware of and is fulfilling its statutory duties;*
- ✓ *I have accurately maintained all service performance information;*
- ✓ *Decisions taken are with due regard for the Council's business objectives; value for money and service improvement; legality; financial implications; community safety implications; property implications; and business risk;*
- ✓ *All officers in my service have a copy of or access to the Council's organisational rules;*
- ✓ *I understand my duties and obligations with regard to maintaining the health, safety and welfare of my staff, suppliers, partners, third parties, and have implemented and maintained procedures to minimise the risk of death, injury or accident;*
- ✓ *All agreed actions arising from any formal review of the service have been, or are in the process of being implemented;*
- ✓ *I have evaluated the effect of any significant changes that have been made to this service and/or its systems and assessed and addressed any new risks that have emerged;*
- ✓ *I am aware of the risks associated with the delivery of my service objectives and I have put mitigating actions in place to counter risks and kept these under review;*
- ✓ *I am not aware of any fraud or irregularity (proven or suspected) that I have not already raised with either Internal Audit or the Chief Executive;*
- ✓ *I have regularly monitored my budgets and maintained oversight of those delegated to members of my team. Areas of concern have been highlighted at the earliest opportunity;*
- ✓ *All resources at my disposal are deployed in the achievement of the Council's business objectives. Use of resources is kept under review, seeking continuous improvement;*
- ✓ *For any aspects of my service delivered in partnership, roles and responsibilities are clearly understood. Governance and performance reporting arrangements are clearly set out and monitored;*
- ✓ *Strategies and policies within my service area have been reviewed as necessary.*
- ✓ *I have reviewed the ICT Security Policy and all Officers & Members have signed up to it*

Statutory Finance Officer

Torrridge's financial management arrangements conform with the governance requirements of the CIPFA *Statement on the Role of the Chief Financial Officer in Local Government (2015)* as set out in *Delivering Good Governance in Local Government Framework 2016*.

In 2020/21 the **Statutory Finance Officer**:

- ✓ Ensured that the Council had in place regular reporting arrangements on its financial affairs. The budget for 2020/21 was agreed by Full Council in February 2020 and financial performance was reported on a quarterly basis to Members.
- ✓ Updated the Contract Procedure Rules and the Financial Procedure Rules. These were approved by the Audit and Governance Committee and adopted by Full Council in February 2021 and incorporated in to the Constitution.
- ✓ Managed the Council's Risk Management arrangements. This included: chairing the Risk Management Group, maintaining the Corporate Risk Register, and reporting on risk management arrangements to the Audit & Governance Committee. Internal Audit carried out an audit of the Council's Risk Management arrangements for 2020/21 and provided '*Reasonable Assurance*' concluding that *there was generally sound system of governance, risk management and control in place*.
- ✓ Managed the payment of around 9,000 grants to local business support grants with an overall value of approximately £42M. The money was provided by the government with the stipulation that the monies received by the Council should be paid out to local businesses as quickly as possible. A combination of the government's timescale requirements and changes to official guidelines meant that payments processes had to be implemented without the usual governance arrangements. A range of post-payment audit processes have subsequently been implemented and recovery actions initiated where appropriate.
- ✓ Ensured timely submission of data files to support the National Fraud Initiative as part of the Council's ongoing commitment to preventing fraud and corruption.

In 2020/21 the **Statutory Finance Officer** has taken account of the requirements of the CIPFA Financial Management Code 2020 and he has acknowledged the new approaches to Value for Money and the Council's financial resilience. A significant amount of the Code is part of his team's current activities and he has reached the overall conclusion that Torrridge District Council is compliant with the principles of the Code.

The **Statutory Finance Officer** has identified the Council's long-term financial viability as the key risk area regarding future compliance with the Code and this is being assessed through a combination of: the budget setting process; the Medium Term Financial Strategy; regular reviews of the Council's capital programme; and the provision of clear and regular financial updates to Members.

Monitoring Officer

The **Council's Monitoring Officer** has a legal responsibility to look into matters of potential unlawfulness within the Council. In 2020/21 the Monitoring Officer:

- ✓ Set up a Constitution Working Group. The Working Group reported to Full Council and the recommended changes to the Constitution were adopted in November 2020.
- ✓ Reported to Full Council on the Remote Meetings Procedure Rules which were adopted for 2020/21.
- ✓ Worked with the IPCO on an inspection of the Council's RIPA arrangements (Regulation of Investigatory Powers Act 2000). The inspection found there to be suitably strong governance processes in place within the Council to ensure compliance with the legislation and codes of practice.
- ✓ Ensured that effective data protection processes remain in place across the Council: that officers/Members are updated on any new requirements (e.g. the Data Sharing Code of Practice), maintaining a breach register, and reported any information breaches to the Information Commissioner's Officer (ICO).
- ✓ Drafted a new Torridge Safeguarding Policy. This reflects the Government's '*Working Together, 2018*' document and the LGA's '*Making Safeguarding Personal*' framework (2018). It strengthens the current safeguarding arrangements.
- ✓ Arranged two meetings of the Standards Committee (the Standards Committee monitored standards of conduct of Members in 2020/21 and advise the Council on probity issues). A specific review in 2020/21 centred around the Local Government Ethical Standards Report and their List of Best Practice Recommendations, resulting in updates to the Member's Code of Conduct.
- ✓ Reviewed entries made in the Register of Members' Interest.

The Monitoring Officer has overall responsibility for reporting on the Council's Governance arrangements and reporting any governance risks to Members. In 2020/21:

- ✓ The Code of Governance was updated to provide assurance that standards would be met in key areas. The 2021 Code was approved by the A&G Committee in January 2021.
- ✓ A supporting evidence database was maintained to provide current examples of how Torridge meets the governance requirements set out in the Code of Governance. The A&G Committee regularly review and challenge sections of the supporting evidence database.
- ✓ This Annual Governance Statement has been prepared to confirm the effectiveness of the Council's governance arrangements. It will be challenged by the External Auditor and the A&G Committee and will then be signed off alongside the 2020/21 Financial Statement.
- ✓ The Code of Governance and AGS were published on the Council's website.

In 2020/21 the **Chief Executive** ensured:

- ✓ The implementation of any necessary changes to the Council's governance arrangements in response to the national pandemic, to ensure that key services could continue to operate, vulnerable groups kept safe, and government grants to local business community were effectively administered (see pages 8 & 9 for details).
- ✓ The adoption of the Council's Strategic Plan for 2020-23. Following a series of Member/ Officer workshops, the draft Strategic Plan was subjected to a public consultation exercise. Feedback from the public consultation was reviewed and incorporated as appropriate. The Strategic Plan was formally adopted in Oct. 2020.
- ✓ That the Council's Performance Management Framework operated effectively during the year. Monitoring information on key areas of performance was collated, reviewed and actioned. Performance management outputs were reviewed by the Strategic Management Team and the Overview & Scrutiny (Internal) Committee.
- ✓ That the Council's Performance Management Framework be reviewed so that from 2021/22 onwards it directly reports on progress towards the achievement of the actions identified and agreed in the Strategic Plan.
- ✓ The effective management of formal complaints received by the Council. In 2020/21 the Council received 41 stage 1 and 16 stage 2 formal customer complaints. The service standard is 28 days and the Council responded to 88% of complaints within this timeframe. In 87% of cases it was determined that the Council was not at fault – any learning outcomes from the complaints received were fed back and incorporated into changes in service provision. The LGO found no fault/maladministration in any of the cases they resolved concerning Torridge District Council in 2020/21.
- ✓ That the Council's Equality Scheme was reviewed and updated to demonstrate to our employees, customers, visitors, contractors and partner organisations the Council's drive to continue embedding equality into everything we do, as well as clearly stating how we are meeting our legal obligation of the Equality Act and the Public Sector Equality Duty.
- ✓ That the Strategic Management Team regularly reviewed and mitigated the major risks facing the Council and identified/mitigated any emerging risks.

In the 2019/20 Annual Governance Statement two significant issues were identified and included in the action plan: the impact of COVID-19 on the Council's governance arrangements, and the lack of an up-to-date Asset Management Plan (AMP).

SMT have managed the impact of the pandemic on a daily basis and the impact on the Council's governance arrangements in 2020/21 has been fully considered in this document. Due to the lack of appropriate resources, the AMP has not been updated. This action has been carried forward into this year's action plan and the Chief Executive has reviewed the Council's management structure and increased resources in the Property and Projects team. A new senior manager with responsibility for the Council's asset portfolio is due to start in June 2021 and one of the post's first tasks will be to review and update the AMP.

Role of Members – Scrutiny

The Internal Overview & Scrutiny Committee exercises its functions in respect of the Council's policies, decisions, performance framework and actions with an "inward facing" emphasis. The External Overview & Scrutiny Committee exercises its functions in respect of the performance of partners and external public sector bodies and Council services with an "*outward facing*" emphasis on the district.

Although Committee meetings were cancelled in the first quarter (as a result of the pandemic) the Overview and Scrutiny (O&S) Committee process has provided challenge and has monitored the Council's policies and performance in 2020/21. Lead Members have also kept issues under review during meetings with managers. There have been contributions, and input, from a range of stakeholders, including public and voluntary sector organisations, the public, officers and Members of the Council. Highlights have included:

Officer reports on the following were reviewed and challenged during 2020/21, with recommendations made to C&R where required :

- ✓ Capital Programme
- ✓ Estuary Strategy
- ✓ Grounds Maintenance Contract
- ✓ MTFS
- ✓ QBR T&F Group
- ✓ COVID-19 Homeworking & remote meetings
- ✓ Ethical Investment
- ✓ Income Generation T&F Group
- ✓ Quarterly Business Reports
- ✓ Treasury Investment Options

Monitoring Reports from Key Partnerships and other External Bodies including:

- ✓ Citizens Advice
- ✓ COVID-19 - Economic & Social Impact
- ✓ Encompass
- ✓ Homelessness
- ✓ Petroc College/Providing Youth Employment
- ✓ TTVS
- ✓ Community Safety Partnership
- ✓ Devon Home Choice
- ✓ Engagement with Local MP
- ✓ 1610 (Leisure Contractor)
- ✓ Play Area Open Space Strategy
- ✓ Westward Housing

Internal Overview & Scrutiny also 'called in' and reviewed a number of decisions taken by the Community & Resources Committee:

- ✓ The Burton - Sources and Funding Agreement
- ✓ The Covenant Renewal at the Hotel Site, Westward Ho!
- ✓ Outdoor Jet Ski Launching at Appledore
- ✓ Play Area Strategy – Maintenance Budget
- ✓ Temporary Free Car Parking Initiative

Role of Members – Audit & Governance

The purpose of an Audit & Governance Committee is to provide assurance of the adequacy of the risk management framework and the associated control environment, scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.

Highlights of the work role the Audit & Governance Committee in 2020/21 include:

Approving the Council's Annual Accounts

- ✓ Reviewed and approved the annual statement of accounts. They also considered the External Auditor's report on issues arising from their audit of the accounts.
- ✓ Considered the External Auditor's annual letter and other specific reports.

Monitoring Governance Arrangements

- ✓ Considered the Internal Audit Manager's annual report and opinion, a summary of Internal Audit activity, and the level of assurance it provided over the Council's corporate governance arrangements
- ✓ Challenged, approved, and adopted the Code of Governance for 2021 and the Council's Annual Governance Statement 2019/20. They also reviewed and challenged the information held within the evidence database to support the Annual Governance Statement.
- ✓ Reviewed and approved updates to the Contract Procedure Rules and Financial Procedure Rules. They also received a report on any agreed waivers to the rules during the previous financial year.

Ensuring Effective Risk Management

- ✓ Received regular updates from the Finance Manager on the Council's Corporate Risk Register, and challenged the information held where appropriate. Reviewed and challenged a report from the Internal Audit Manager on the effectiveness of the Council's anti-fraud and corruption arrangements.
- ✓ Received and challenged reports of the works undertaken by Internal Audit and on progress on the completion of audit recommendations to mitigate any identified control weaknesses.

Role of Internal Audit

Due to the national pandemic the Devon Audit Partnership (DAP) were unable to fully deliver the proposed Internal Audit Plan for 2020/21. During the year officer time has quite rightly been focused on front line service delivery and supporting the wider community in dealing with COVID-19. As a consequence some audits have been deferred to a future year.

DAP were still able to complete the majority of their audits which was mainly achieved via remote working. DAP also provided some additional audit work to provide assurance on the COVID-19 business support grants provided by the government and administered by the Council. In 2021 DAP published 16 internal audit reports to Members of the A&G Committee:

Substantial assurance <ul style="list-style-type: none">✓ Community Grants✓ Ethics & Values✓ VAT✓ Council Tax✓ Income Processing✓ Creditors✓ Main Accounting✓ Safeguarding✓ Benefits✓ Equality & Diversity	Reasonable Assurance <ul style="list-style-type: none">✓ Environmental Protection✓ Procurement✓ COVID-19 Business Grants✓ NNDR✓ Risk Management Limited Assurance <ul style="list-style-type: none">✓ Housing Renewals
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Where weaknesses or areas for improvement have been identified management have generally agreed these findings and have either agreed the recommendations or accepted the associated risks. Agreed management actions are monitored and DAP undertake follow up work to ensure identified risks are mitigated.

Based on the assurance work undertaken by DAP in 2020/21, the Audit Manager has provided an opinion on the overall adequacy and effectiveness of the Council's control framework which concluded that this was **Reasonable**.

The COVID-19 crisis has placed considerable pressures on all local authorities, and this is true of Torridge. Many emergency actions taken by the Council during 2020/21 have had to be made quickly. As a consequence, system and control design of such decisions may not have been subject to the normal level of control. In their work DAP have sought to confirm that key controls continue to operate effectively to mitigate this risk.

Role of External Audit

The Council's External Auditor (Grant Thornton) are required to report on the Council's financial statements and provide an opinion that they:

- give a true and fair view of the financial position of the Council and the Council's income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014

Grant Thornton recognized that the outbreak of the COVID-19 pandemic had a significant impact on the normal operations of the Council – the Council was faced with the administration of grants to businesses, closure of car parks with the additional challenges of reopening services under new government guidelines and facilitating testing.

Restrictions for non-essential travel meant that both the Council and audit team had to embrace new working practices, including use of video conferencing, remote access to systems to independently verify data extracts, and the need for an increased level of flexibility.

In November 2020 Grant Thornton reported:

- ✓ An unqualified opinion on the Council's accounts within their Annual Audit and Inspection letter.
- ✓ That they were satisfied that in all significant respects the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2020.
- ✓ That they were satisfied with management's assessment of use of going concern basis of accounting.

Grant Thornton also provided:

- ✓ Update reports to each A&G meeting, providing a summary of emerging national issues and development that may be relevant to the Council.
- ✓ Housing Benefit Certification.

The Council's 2019/20 financial statements were for a period which was mainly prior to the outbreak of the COVID-19 pandemic. Grant Thornton have highlighted to the Council the challenges and financial risks associated with 2020/21 and 2021/22 and have recommended that the Council continues to refresh its Medium-Term Financial Plan to reflect the impact of COVID-19 and to ensure the financial challenges are fully known.

Accountability and Action Plans

This Statement is intended to provide reasonable assurance. It is stressed that no system of control can provide absolute assurance against material misstatement or loss. In concluding this overview of the Council's governance arrangements, three issues have been identified that need to be addressed to ensure continuous improvement in the Governance Framework. The aim is to address these weaknesses during the 2021/22 financial year, by way of an action plan for improving the governance framework and system of internal control. This will be subject to regular monitoring by the Committee.

Issue No.	Significant Issue Identified	Summary of Action Proposed
1	<p>The existing Asset Management Plan expired in 2017. Work is underway to develop a new Plan; however this remains in its early stages. Without a clear approved Plan to provide strategic direction, the Authority may not make best use of its assets, which in turn may hamper the achievement of strategic goals and outcomes.</p>	<p>This action is carried forward from the 2019/20 AGS action plan.</p> <p>A new Asset Management Plan will be drawn up, approved and published. The new Plan will be aligned closely with the Authority's Strategic Plan to ensure it will support and help deliver strategic priorities over the short to medium term.</p> <p style="text-align: right;">Estates Manager, due by 31 March 2022</p>
2	<p>Leisure Contract (1610) The pandemic has severely delayed the timeframe and opportunities for implementing the post March 2022 service (when the existing contract ends). Members resolved not to enter into contractual dispute but to work with 1610 until the end of the existing contractual period.</p>	<p>Engage external contracted employee to support the process and report to Full Council with options or to engage</p> <p style="text-align: right;">Action Complete</p> <hr/> <p>New arrangements to be agreed with Members and implemented to ensure service delivery post March 2022.</p> <p style="text-align: right;">Chief Executive Officer due by 31 March 2022</p>
3	<p>Government pressure to pay grants to local businesses to provide support during the pandemic. The grants were paid without the level of due diligence that officers would normally conduct and some grants may have been paid which shouldn't have been.</p>	<p>Recovery action has commenced.</p> <p style="text-align: right;">Finance Manager due by 30 June 2021</p>