

DARTMOOR NATIONAL PARK AUTHORITY

AUDIT AND GOVERNANCE COMMITTEE

Friday 28 May 2021

Present: Members
A Cooper (Chairman), P Harper, G Hill, J McInnes, C Pannell, P Sanders, P Vogel, P Woods

Officers
D Healy, N White, K Bishop

In attendance: N Tigwell, C Shewan (Independent Persons)

Apologies: J. Nutley, G. Gribble

544 Minutes of the meeting held on 12 February 2021

The minutes of the meeting held on 12 February 2021 were agreed as a correct record.

545 Declarations of Interest

None.

546 Items Requiring Urgent Attention

None.

547 Public Participation

None.

548 Annual Internal Audit Report 2020 – 2021 and Proposed Internal Audit Plan 2021/2022

Dominic Measures, Audit Manager - Devon Audit Partnership presented the report to Members via video call.

He stated that the highest level of assurance has been recorded in 4.4 of the report and he credited the Finance staff with the excellent work carried out in such difficult circumstances over the last year.

A new payroll system was put in place by Devon County Council (the Authority's payroll provider) in 2019/20, this was DAP's first opportunity to undertake a systems audit post implementation which has happened smoothly and no major issues have arisen. The only minor issue highlighted in the Payroll and HR testing was the lack of proof of qualification and identification

with two new starters. This has since been followed up documentation has been received. Procedures have been amended to ensure this evidence is brought at interview stage.

No concerns have been raised in the Annual Audit.

RESOLVED: Members noted the content of the report

549 Internal Audit Charter and Strategy

Dominic Measures, Audit Manager - Devon Audit Partnership, presented the report and informed Members that the documents had been combined to make them easier for online viewing. One omission from the document is the table of the Auditors list of skills and qualifications, and Dominic listed these at the meeting instead.

In response to a Member's question, Mr Measures confirmed that the document is necessary, but did not create too much extra work, so did not cost the Authority any extra costs.

Members agreed that the interactive document was very good and made the information easy to digest.

RESOLVED: Members noted the content of the report

550 Dartmoor National Park Authority 2020-2021 Audit Plan Year Ended 31 March 2021

Gareth Mills - Grant Thornton, presented the report via video link. He informed Members that he has had regular meetings with the Head of Business Support throughout the year.

The key messages in the report include the financial position of the Authority, and the significant levels of risk identified in terms land and buildings and pensions. But there are no significant weaknesses to be concerned about and everything is always under review. In sections 7 and 8 the value for money arrangements are a requirement for Auditors and refer to financial stability, Governance arrangements, delivery economy and effectiveness and the Authority's performance against KPI's.

The Audit team have stayed consistent throughout the year and they are hoping to get the majority of the Audit done next month. The Value For Money work should be completed by the end of the year. A further fee variation has been proposed for this year and will be subject to PSAA approval.

In response to a Member's question, Mr Mills stated that the criteria in the Value for Money arrangements are standardised and if there is an area of significant weakness a consistency panel will assess that area. But he does not anticipate any concerns for the Authority. The cost of the Audit has

increased as the expectations in quality have increased. It requires a lot of extra work and the Value for Money arrangements have to reflect the changes required. In response to further questions from Members, Mr Mills stated that there would possibly be a need to set aside money for an increase in Audit fees.

RESOLVED: Members noted the content of the report.

551 Informing the Risk Assessment 2020/21

The Head of Business Support presented the report to Members. She stated that the Audit plan identified some important risk areas that auditors will focus their work on and in accordance with auditing standards they are required to make enquiries of both management and Members about them. This helps Auditors and Members develop a constructive working relationship, provides Auditors with the information they need to fulfil their responsibilities, aids Members' understanding of the matters being assessed by auditors and supports Members in fulfilling their responsibilities in relation to the financial reporting process.

The questions posed by Grant Thornton, and the answers given by management can be found at Appendix 1 in the report.

Mr Sanders proposed the recommendation, which was seconded by Mr Harper

RESOLVED: Members reviewed and agreed the responses and judgements set out in Appendix 1.

552 The Local Code of Corporate Governance and 2020/21 Annual Governance Statement

The Head of Business Support present the report to Members. She stated that the Authority adopted the CIPFA framework "Delivering good governance in local government" in 2008 and published its first Local Code of Corporate Governance. No changes are required to the format of the Local Code this year, but it has been reviewed and updated to reflect the way we operate. A copy is provided at appendix 1.

Producing the AGS is the culmination of the Authority's on-going work to improve the effectiveness of the systems of internal control and governance arrangements; and it involves all of everyone i.e. staff and members

A list of the most significant work and improvements undertaken in the last 12 months is set in the AGS. There is always room for improvement; and the proposed work programme for the 2021/22 financial year is also set out in the AGS.

In 2019 CIPFA published a new Financial Management Code which aims to support good and sustainable financial management in local authorities; and requires a self- assessment to demonstrate that organisations have processes in place to satisfy the principles of good financial management. The Code is not a statutory responsibility and 2020/21 is the “shadow year” for its implementation. A self-assessment has been undertaken and we have concluded that the Authority’s governance and financial process and controls meet the requirement of the Code. Improvements or enhancements can always be made however and these have been included in the action plan in the AGS.

Section 3 of the report provides information about the other sources of assurances that are obtained to demonstrate that proper governance arrangements are in place and this includes:

- Work undertaken by our External Auditors
- Work undertaken by our Internal auditors (who are external to DNPA)
- The obligations and duties of the Authority’s 3 statutory officers
- The work undertaken to review and produce the AGS and the Local Code
- Reports from the Local Government Ombudsman

In response to Members questions the Head of Business Support stated there is no timetable for reviews of policies but they will be brought to Members for review as and when they are required to do so. Statutory policies are brought to Members following CIPFA guidance. All policies are kept under review and documents are available to view. It was agreed that policies would be made more accessible for Members to view to reassure them that they are all up to date. A Member requested that when policies are brought before Members any revisions should be marked in a different colour.

Mr Sanders proposed the recommendations, which was seconded by Mr Harper.

RESOLVED: Members

- i) Considered and approved the assessment of the Authority’s Governance arrangement as set out in the Local Code of Corporate Governance at Appendix 1;
- ii) Approve the 2020/21 Annual Governance Statement at Appendix 2

553 Financial Outturn 2020/21

The Head of Business Support stated to Members that the report details the outturn position for the last financial year. Member approval is required to carry forward the outturn surplus, monies for contractual commitments and various grants and contribution received in year. The revenue outturn for 2020/21 is a surplus of £57,789.

The Head of Business Support highlighted that the grant funding received exceeded budget expectations, but income from sales and fees and charged had not fared so well against the target budgets due to the impact of the pandemic. The Authority was able to access the Coronavirus Job Retention Scheme for the Visitor Centre staff, the Business (retail) Support Grant to offset the commercial loss from our visitor centres and we received business rate relief at Princetown.

There were savings of just over £63k due to staff turnover, staff travel and transport created a saving of £39k and Members expenses saved £14k. The digitisation of processes and home working gave rise to savings of £19k, and lower premises running costs saw a saving of £20k. In Visitor Management the Dartmoor Marshals scheme and increased toilet cleaning gave rise to increased costs of £68k.

Due to the delays in some project work, there have been some requests to carry forward budgets to cover outstanding commitments.

The Project Fund was set at £100k at the start of the year, a significant amount of this was used for IT equipment for homeworking, there was a surplus of £25,364 at the end of year, which is incorporated in the outturn surplus.

The redevelopment of Postbridge Visitor Centre was completed last summer and re-opened in August, the build was completed on time and came in under budget and was funded by the Rural Development Programme England grant.

Two Ranger vehicles were replaced at a cost of £44,870 funded by National Park Grant.

The Head of Business Support ran through the movement in the reserve balances during 2020/21, which are detailed in Section 4 of the report.

She highlighted a technical matter in respect of the Statement of Accounts: and this issue is set out in section 5 of the report Page 114. It relates to historical management agreement payments of £1.2million, made by the Authority, between the 1980s and 2007; that were subsequently identified as falling within the EU definition of state aid. In accounting terms this could be deemed a contingent liability that should be disclosed in the accounts; and in the past it was declared as such with the External Auditor reporting an Emphasis of Matter, until 2013/14 when it was removed after advice from Grant Thornton. Management has once again reconsidered this matter and believes that as the UK Government has now moved to a new system of subsidy control to replace EU State Aid the risk of repayment is remote and that there is no need to include a note about this matter in the accounts.

The Head of Business Support concluded that there is an outturn surplus of £57,789, which will be carried forward and used to fund the continued cost of the Local Plan inspection process and the emergency repair work required on

the Ball Room at Princetown Visitor Centre. There has been some slippage in work programmes due to the impact of the pandemic. There were some extra costs incurred and income streams lost, but the Authority was able to access coronavirus funding support and some other unintentional savings have been made due to the impact of the pandemic restrictions. There have also been a number of external funding bids.

Despite the pandemic 2020/21 has once again been one of sound financial management and the commitment of staff to continue with delivery. The Authority continues to maintain a robust financial position and is demonstrating a proactive approach to building stronger partnerships, generating increased income streams and financial resilience and agility. Members should note that the impact of the coronavirus pandemic will continue to be felt in the 2021/22 financial year. We will report on this through our budget and business plan and financial monitoring processes.

Members wish to formally thank the Head of Business Support and the finance team for the hard work this year and to all staff for performing so well in such a challenging year. All the staff have done an amazing job. Dr Bishop agreed to pass on formal thanks to all staff from the Members.

Mr Sanders proposed the recommendation, which was seconded by Mr Harper.

RESOLVED: Members agreed that:

- i) That the subject of the report was noted
- ii) That the Authority transfers the 2020/21 unallocated revenue surplus of £57,789 into Reserves.
- iii) That the Authority approves the transfer of grants and contributions received with specific conditions or restrictions and monies set aside for contractual commitments into earmarked reserves, as set out in section 4.4 (table 8) of the report
- iv) That it is unnecessary to include a note in the Statement of Accounts relating to the remote possibility of a contingent liability, as set out in section 5 of the report.

Mr McInnes left the meeting

554 Business Plan Monitoring 2020/21

The Head of Organisational Development presented the report to Members. He stated that the report sets the Authority's performance in delivering the 27 key actions identified in the current Business Plan, plus the *3 additional actions* relating to the Authority's response to the pandemic. A summary of progress is provided in the table at 2.4 and full details are provided against each action at Appendix 1 (from p124).

The Authority has reallocated resources and revised work programmes to meet the changing demands of the past year or so. The Authority has also

been actively seeking external funding opportunities, with some notable successes as summarised in the report at 2.7.

Members noted – at 2.9 – the key actions that were not completed in the year to end of March 2021.

The report concluded by noting the impact the pandemic has had on our pre-Covid plans and how we have responded to the many challenges of an exceptional 12 months.

Members expressed concerns that due to the pandemic and the amount of red indicators, extra pressure could be put on staff, which should be avoided. A Member suggested that a recovery plan should be developed. The Chief Executive stated that work programmes are developed during the annual appraisal process and regularly monitored. The Authority supports effective flexible working and a positive work/life balance, the recent survey confirmed that staff appreciated the Authority's supportive approach throughout the pandemic.

RESOLVED: Members noted the content of the report.

555 Performance Indicators 2020/21

The Head of Organisational Development presented the report to Members. The performance indicators and the report detail how the Authority has performed against the targets agreed for 2020/21.

The PIs that relate to how the services of performing – the detail is provided at Appendix 1 with colour coding indicating where targets were met or not (red/green).

The proposed PI targets for 2021/22 are also set out in this Appendix.

As with the Business Plan, the pandemic has impacted across key areas of the Authority's work which is reflected in the performance data.

Effective communication has been essential throughout the past year – points 4.5 to 4.8 of the report provide Members with more details – and this section of the report concludes by noting the impact the periods of lockdown have had, in particular the closure of our Visitor Centres for extended periods.

Members requested to see a programme of works for the money raised by Donate for Dartmoor.

Mr Vogel expressed his thanks to the Second Sunday Volunteers who to go out of their own initiative, continuing to pick litter and other tasks during lockdown. He suggested that local press should be informed about the commitment and success of the group to give them some public recognition and promote volunteering.

In response to Members questions the variation in the sickness levels will be monitored over the next year. There are a number of possible factors that have brought the number of sick days down.

RESOLVED: Members noted the content of the report.

556 Strategic Risk Register 2021/22

The Head of Organisational Development reminded Members that the Strategic Risk Register forms an important part of the Authority's overall risk management strategy. It is important that Members regularly review the strategic risks for the Authority to raise issues for consideration and highlight areas of risk to be added or removed.

Leadership Team monitors and reviews the Strategic Risk Register on a quarterly basis and the current Register is provided at Appendix 1 and summarised in the table at 2.5.

As reported in November, particular attention has been given to the impact of the coronavirus pandemic. Leadership Team did consider creating a separate risk specifically for the pandemic, but on balance decided to consider its impact against each risk and these have been updated – and the risk ratings reviewed – accordingly.

In addition to the recommendation that Members approve the updated strategic risk register for 2021/22 provided at Appendix 1, the Head of Organisational Development referred Members to point 5.2 of the report which asks whether Members want to consider whether the Government's response to the Landscape Review and in particular, the potential creation of a new National Landscapes Service, should be considered as a specific risk and thus included on the Strategic Risk Register.

Members agreed that it is vital to include the issues raised by potential National Landscape Service. The significant risk of only having 1 year settlement agreements and the inability to plan ahead also needs to be highlighted. Members also discussed the significant pension liability and the strategic risk associated to that, the Chief Executive reassured Members that the Authority is in a good position regarding pensions and they will receive a detailed report in September. The Head of Business Support also reassured Members that staff workload is being managed and the Authority is achieving everything it should be despite the difficult circumstances over the last year.

Members agreed that the recommendation should include the risks associated with the Glover Review. A response is expected by 20 July 2021, and a full report will be taken to Authority after that, which will enable officers and Members understand what it means for the Authority.

Members agreed that F1 – “potential for reductions in National Park Grant and/or changes in Defra's requirements (clause 23 of the National Parks

Financial Grant Agreement)” should be amended to include the potential implementation of National Landscape service and the impact of the Glover Review.

Members requested sight of the response to the Glover review and report back to Authority at an appropriate time.

Mr Sanders proposed the recommendation with the proposed amendments, which was seconded by Mr Vogel.

RESOLVED: Members approved the risk register subject to:

- an amendment to risk reference F1 to reflect the difficulty in making long-term plans due to annual budget settlements and delayed notification
- officers considering the risks associated with the potential National Landscape Service and to report back to the Authority as required.

DRAFT