

Time Commenced: 10.00am  
Time Ended: 13:08pm

**AUDIT AND GOVERNANCE COMMITTEE**  
**22 March 2023**

Present: Councillor West  
Councillors Jennings, A Holmes, Care, Hezelgrave and  
Dhindsa  
Co-opted Member Philip Sunderland

In attendance: Councillor Shanker  
Paul Simpson - Chief Executive  
Richard Boneham – Head of Internal Audit  
Alison Parkin – Director of Financial Services  
Hannah McDonald – Group Auditor  
Martin Shipley – Group Auditor  
Sarah Walker – Head of Strategy and Performance  
John Massey – Head of Revenues, Benefits & Exchequer  
Services  
John Sadler – Head of Strategic Asset Management and  
Estates  
Pete Shillcock - Group Accountant – Corporate Finance  
Heather Greenan – Director of Policy, Insight &  
Communications  
Charles Edwards - Head of Service - Community Safety and  
Locality Working

**65/22 Apologies for Absence**

Apologies for absence were received for Councillor Carr and Stuart Green.

**66/22 Late Items**

There were none.

**67/22 Declarations of Interest**

There were none.

**68/22 Minutes of the meeting held on 25 January 2023**

The minutes of the meeting held on 25 January 2023 were agreed as a correct record.

## 69/22      Audit and Governance Committee – Outstanding Resolutions

The Committee received a report which stated which stated that at its meeting on 5 February 2020, the Audit and Governance Committee resolved: to agree that a Resolution Tracking report be included in future agendas of the Audit and Governance Committee.

Outstanding resolutions and actions were attached at Appendices 1 and 2 of the report. Any completed resolutions and actions would be removed after the meeting.

It was noted that a recruitment pack was being prepared for the two Independent Persons vacancies.

It was noted that the Recruitment Team had confirmed that they did check all essential qualifications and that the Head of Internal Audit considered the current procedures to be sufficient.

The Chief Executive assured the Committee that the implementation of Internal Audit recommendations was taken extremely seriously by the Council's strategic leaderships team. It was noted that the Chief Executive had informed senior officers that it was unacceptable to delay implementing Internal Audit recommendations. It was reported that going forwards the Head of Internal Audit would be attending Corporate Leadership Team meetings regularly in order to highlight any recommendations that weren't being implemented.

It was noted that the audit for the 21-22 Accounts had commenced on 3 January 2023 and that an Audit Plan had been produced. It was reported that EY would aim to complete the audit by October 2023. Councillors expressed their disappointment with how long it had taken to start the 21-22 Accounts.

It was reported that six Committee members had returned their self-assessment forms with an average score of 160 out of 200.

### **Resolved:**

- 1. to note the outstanding resolutions and actions at Appendices 1 and 2 of the report.**

## 70/22      Minute Extract from Council - Allestree Hall and Golf Course

The Committee received a Minute Extract from Council on Allestree Hall and Golf

Course. This was presented by Cllr Shanker.

The Head of Strategic Asset Management and Estates provided the Committee with a timeline of the disposal process relating to Allestree Hall and Golf Course.

Members of the Committee discussed the disposal process and whether good governance had been followed.

**Resolved:**

- 1. that Councillor West, Councillor Shanker, the Group Auditor and the Head of Internal Audit would be invited to a meeting to agree the scope for an Internal Audit investigation and for a report to be brought to a future Committee meeting.**
- 2. that the Co-opted Member would provide support to Internal Audit for this investigation.**

## **71/22      Accounting Policies 2022/23**

The Committee received a report of the Director of Financial Services on Accounting Policies 2022-23. This report was presented by the Group Accountant.

It was noted that there had been no changes to the Accounting Policies for 2022-23. It was reported that the 2022/23 Code contained the temporary disclosure amendments relating to infrastructure assets but did not contain any new accounting standards and therefore the Council's accounting policies remained unchanged.

It was agreed that an update would be included in the last bullet point on page 20 explaining that the Infrastructure straight-line allocation over 40 years was in accordance with current guidance.

**Resolved:**

- 1. to consider and approve the accounting policies to be used in completing the 2022/23 Statement of Accounts, as set out in Appendix 1, with the agreed update.**
- 2. that members delegate to the Section 151 Officer the power to make new accounting policies and amend existing policies, as may become necessary in the production of the accounts and during the external audit process, with any such changes being reported back to this committee.**

## **72/22      Partnership Working**

The Committee received a presentation on partnership working. The presentation stated that despite the many challenges over the last 2 years the Council had made a difference for Derby by working together with the city and for the city. The presentation set out some of the achievements and outcomes from the themes of resilient, growth, green and vibrant. It was a 'Team Derby' approach with a common aim of focusing on shared outcomes, collectively working together to galvanise partners and communities, promote creativity and add value. It was noted that ultimately the Partnership was about making Derby the best it could be.

A councillor asked whether the impact of partnership working in Derby would be limited due to funding constraints. It was noted that funds were still limited but that the Council and its partners were in a better place collectively to make use of the funds that were available.

**Resolved to note the update.**

## **73/22      2022/23 Inspections Update**

The Committee received a report of the Director of Policy, Insight and Communications on 2022/23 Inspections Update. This report was presented by the Head of Strategy and Performance.

It was noted that the inspections of services delivered by local authorities were undertaken in line with government acts, where regulators would have been given the powers to undertake a review of specific areas of delivery.

It was reported that in March 2022, Ofsted completed their inspection of Local Authority Children's Services, with the report published in May 2022, with an overall judgement of 'outstanding', with all sub-judgements being maintained or improved compared to the previous inspection:

- The impact of leaders on social work practice with children and families – outstanding
- The experiences and progress of children who need help and protection - outstanding
- The experiences and progress of children in care and care leavers – good

It was reported that in June 2022, Ofsted undertook an inspection of Derby City's Adult Learning Service, where the overall effectiveness was judged to be 'good', which was a position that had been maintained from the previous inspection. It was noted that services were assessed as good across all judgement categories:

- The quality of education - good
- Behaviour and attitudes - good
- Personal development - good

- Leadership and management - good
- Adult learning programmes – good
- Apprenticeships – good

A councillor asked whether any data was available to compare maintained schools with academy schools in the city. The Head of Strategy and Performance confirmed that these figures were available on MiDerby.

#### **Resolved:**

- 1. to note the inspections completed over the last year, or reports published from inspections carried out at the end of the previous year.**
- 2. to note the regulatory developments in inspection activities set out in paragraph 4.6.**

## **74/22 Risk Management Strategy and Handbook**

The Committee received a report of the Director of Policy, Insight and Communications on Risk Management Strategy and Handbook . This report was presented by the Head of Strategy and Performance.

It was reported that in order to make sure that both the Strategy and Handbook were reflective of current practices, and according to the agreed review frequency of at least every 2-years, both documents had been refreshed; in line with the Council's Medium-Term Financial Planning timescales so that the Council could align its position on risk appetite.

It was reported that the focus of the latest review had been on developing the documents to enhance the Council's risk management culture, and to further develop the tools available to support in risk review and management activity; building on and enhancing the progress that had been made across the risk management landscape over the last five years.

It was noted that key changes to the Risk Management Strategy (Appendix 1), which provided the architecture for the Council's risk framework, included:

- a reviewed and updated definition of risk (internal audit recommendation).
- refreshed roles and responsibilities including:
  - further information on the role of Risk Champions
  - the role of Leaders has been updated in line with the Leadership Accountabilities
  - updated the Corporate Risk Management Group and Assurance Team roles to include training and support, in line with the Handbook
  - added the Project Manager Network and Assurance and Development Group, which have been introduced over the last

12 months

- strengthened alignment to programme and project roles and responsibilities
- the inclusion of our agreed risk appetite boundaries
- an initial risk maturity assessment overview, which was used to inform the refresh of the Strategy and Handbook, a summary of which was reported to the Committee in January 2023.

It was reported that in line with this, the Risk Management Handbook (Appendix 2) supported colleagues in the practical application of risk management and has been strengthened in several areas, including:

- risk appetite statements have been developed and included alongside our agreed risk appetite boundaries (aligning to the Strategy);
- further guidance has been added on the difference between risk tolerance and target scores, in addition to risk appetite and risk tolerance;
- guidance has been updated to reflect the wider definition of risks, aiding a more holistic and informed approach to risk identification;
- further information has been added on risks versus issues to support appropriate risk identification and analysis, and details of the emerging risk log and issues log have been updated in line with current arrangements;
- risk and opportunity identification sections have been updated alongside supporting information on risk indicators;
- guidance on how to escalate and de-escalate risks, alongside the possible reasons for escalation and de-escalation have been included;
- completing the risk register and risk templates sections have been updated to reflect revisions made to our register templates over the last two years, alongside an overview of the PMP risk log format differences, and exceptions on using alternative templates where a clear process for approving their use has been added;
- there is more guidance on department risk registers and how they strengthen the risk framework;
- project risk management sections have been aligned to the strengthened Programme Management Office including the introduction of the Project Management Platform (PMP);
- there are now clearer expectations of risk monitoring frequency, and an additional risk review tools section added with a 'review of risk scores' and 'project risk review' template included; and
- partnership risk management has been included in the framework.

**Resolved:**

- 1. to approve the updated Risk Management Strategy (Appendix 1).**
- 2. to approve the updated Risk Management Handbook (Appendix 2).**
- 3. to note that a report on risk assurance would be submitted to the**

**Committee in July 2023, in line with the roles and responsibilities set out in the Risk Management Strategy.**

- 4. to request that the Head of Democracy included risk training for all councillors in the councillor training schedule.**

## **75/22      Committee Terms of Reference**

The Committee received a report of the Chair of Audit and Governance Committee on Committee Terms of Reference. This report was presented by the Head of Internal Audit.

It was reported that the Terms of Reference for the Committee were previously reviewed in January 2022. It was noted that the amended Terms of Reference are attached at Appendix 1.

The Committee noted that the Terms of Reference were reviewed by a Working Group and were again based on the suggested Audit Committee terms of reference contained in the latest version of the Chartered Institute of Public Finance and Accountancy (CIPFA) publication "Audit Committees – Practical Guidance for Local Authorities and Police" (published October 2022). The working group comprised of Councillors West, Jennings and Care together with an Independent Committee Member (Philip Sunderland) and the Head of Internal Audit.

### **Resolved:**

- 1. to consider the revised Audit and Governance Committee Terms of Reference attached at Appendix 1 and provide appropriate comment or amendments.**
- 2. to agree the revised Committee Terms of Reference, and to refer them to Council for approval.**

## **76/22      Internal Audit Charter**

The Committee received a report of the Director of Financial Services on Internal Audit Charter. This report was presented by the Head of Internal Audit.

It was reported that this Charter was brought to each partner organisation's audit committee.

A councillor asked for the report to be updated to include information on how the Audit and Governance Committee added value. The Head of Internal Audit agreed to make this change.

**Resolved to review and approve the Internal Audit Charter at Appendix 1.**

## 77/22 Internal Audit Progress Report

The Committee received a report of the Director of Financial Services on Internal Audit Progress Report. This report was presented by the Head of Internal Audit.

The Committee noted that at its meeting on 25 January 2023, the Committee had asked that the relevant officers in respect of three audit areas that had previously been reported to Committee where significant risk recommendations were still to be implemented, attended the March Committee meeting to provide a verbal update on the current situation on the level of progress being made with the implementation of the agreed actions. These audits were:

- Bus Station – Two recommendations. The first recommendation was concerned with the fact that a reconciliation of the cash counted to amount that should have been collected could not be performed in respect of the toilet turnstile. The second concerned the control process designed around the daily cashing up and paying in process being poorly conceived.
- Bereavement Services – One recommendation relating to the cremators at Markeaton Crematorium and the options going forward.
- Neighbourhood Boards – One recommendation relating to there being no clear record of the decisions made by Members outside the normal Neighbourhood Board/Ward Committee meeting cycle.

The Committee noted the details of the recently completed audit review of the Council's Strategic Communications. Members noted that management had opted to "risk accept" a moderate risk recommendation around significant expenditure being identified with a supplier with no formal contract in place. It was reported that management had confirmed that the spend was regularly negotiated with the supplier and that value for money was being obtained for the Council. The Head of Internal Audit had no issues with the response provided.

It was noted that no officers were able to attend to provide an update on the Bus Station audit. It was agreed that the relevant officers would be invited to provide an update at the Committee's next meeting.

The Head of Service for Community Safety and Locality Working informed the Committee that a new system of community funding would be introduced as a result of the Council's constitutional review. It was noted that the Locality Working team were working to implement new constitutional arrangements by June 2023 which would resolve the outstanding audit recommendation.

It was noted that Bereavement Services had a maintenance programme in place



for the cremators at Markeaton Crematorium and that contingency plans had been arranged with other crematoriums in the local area.

The Committee agreed to call in the Carelink and Welfare Reforms audits for the June 2023 meeting.

**Resolved:**

- 1. to note the progress being made by Internal Audit on its work in 2022/23 in the report at Appendix 1.**
- 2. to review the control issues being raised by Internal Audit and management's response to the risks.**
- 3. to review the “risk accepted” response to a recommendation in the Strategic Communications audit review and decided that as a committee it was comfortable with the decision taken by management.**
- 4. to review the progress being made by management in respect of the implementation of internal audit recommendations.**

## **78/22 Internal Audit Plan 2023/24 - Quarter 1**

The Committee received a report of the Director of Financial Services on Internal Audit Annual Plan Quarter 1- 2023/24. This report was presented by the Head of Internal Audit.

The Head of Internal Audit commented that they thought that quarterly planning worked well for Derby City Council. It was noted that the Internal Audit Annual Plan took into account risk registers along with the Council Plan. It was noted that the Audit Plan would be adjusted to account for the Allestree Hall and Golf Course Audit that the Committee had requested.

It was noted that an audit risk assessment was carried out to check for areas not on the risk register which needed to be looked at.

Members of the Committee were invited to contact the Head of Internal Audit with suggestions for the audit plan.

It was noted that as part of its MTFP savings for 2023/24, the Council had reduced the number of days it purchases from CMAP by 10%, which equated to a reduction of 145 audit days. This had led to a £53,000 reduction in the 2023/24 contribution that it made to CMAP. Additionally, the Council had sought to reduced the level of its annual contribution to CMAP by a further £30,000. This was equivalent to another 82 audit days. This reduction in annual contribution meant that the Council would receive an estimated 1,218 audit days in 2023/24, compared to 1445 audit days in 2022/23. The audit days were still higher than the 1,168 audit days the Council was purchasing in 2015/16, when its External

Auditor expressed their opinion that this was an insufficient level.

A councillor asked for Absence Monitoring on page five to be changed to attendance monitoring. The Head of Internal Audit agreed to make this change. It was noted that hybrid working would also form part of this audit.

**Resolved to approve the Internal Audit Plan for Quarter 1 of 2023/24 at Appendix 1.**

## **79/22      Audit Planning report**

The Committee discussed the Audit Planning report. Members of the Committee expressed their disappointment that a representative from EY was not present to talk through the report.

**Resolved:**

- 1. that any questions from Committee members on the Audit Plan would be sent to EY.**
- 2. that EY would be invited to attend the June 2023 meeting to discuss the Audit Planning report.**

## **80/22      Exclusion of Press and Public**

**Resolved that under Section 100(A) of the Local Government Act 1972, the press and public be excluded from the meeting during discussion of the following item on the grounds that it involved the likely disclosure of exempt information as defined in paragraphs 3 and 7 of Part 1 of Schedule 12A of the Act and that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.**

## **81/22      Risk Based Verification Policy from 1 April 2023**

The Committee received a report of the Director of Financial Services on Risk Based Verification Policy from 1 April 2023. This report was presented by the Head of Revenues, Benefits & Exchequer Services.

The report highlighted how the Council used Risk Based Verification software to risk score new HB and CTS claims.

It was noted that it was a requirement of the DWP guidance that the Local Authority's Risk Based Verification Policy must be reviewed annually.

**Resolved to approve the Council's Risk Based Verification Policy from 1 April 2023.**

MINUTES END