

Time Commenced: 11.00am
Time Ended: 1.08pm

AUDIT AND ACCOUNTS COMMITTEE
31 October 2017

Present: Councillor Hezelgrave (Chair)
Councillors Ashburner, Care, Eldret, Grimadell, Jackson, Roulstone,
Turner and Willoughby

In attendance: Helen Henshaw and Steve Clark – Ernst Young
Jody Shelton – Democratic Services Officer
Mark Taylor – Interim Director of Finance, Section 151 Officer
Paul Robinson – Chief Executive
Andy Smith – Strategic Director of People Service
Christine Durrant – Strategic Director of Communities and Place
Richard Boneham – Head of Governance & Assurance
Olu Idowu – Head of Legal

25/17 Apologies for Absence

Apologies for absence were received from Councillor Winter.

26/17 Late Items

There were no late items received.

27/17 Declarations of Interest

There were no declarations of interest.

**28/7 Minutes of the meetings held on 19 September
2017**

The minutes of the meetings held on 18 July and 10 August 2017 were agreed as a correct record. Members requested that all outstanding reports/agenda items as requested in previous meetings be added to the amended work programme.

**29/7 Derby City Council Internal Audit Progress report –
April 2017 to September 2017**

The Committee received a report from the Director of Governance on the Internal Audit Progress Report.

The Committee were presented with a dash board of the work undertaken during the 2017/18 year to date. This included the:

- Control environment Assurance Categories and Control Risk Ratings;
- Details of control issues raised in the period, assessed as moderate risk; and
- Details of recommendations not implemented by the Action Date.

The brought forward and current work plan was reported to the Committee with a target of 90% to be completed by the end of the current year. It was noted that it was usual to have a 10% carry forward in this industry and that officers were working hard to ensure this was achieved and no higher. The plan was required to be a realistic, time manageable plan with key risk areas prioritised. Members questioned whether further resource could ensure that a 100% target was met. It was noted that as part of a more pro-active way of working going forward there was the need to create an Assurance Team. This would require a culture change within officers and provide support to them to enable responses to requests in a more efficient and timely manner.

Members raised concerns that there were still departments with recommendations not implemented with action dates exceeding 12 months. It was suggested that to assist officers, as a matter of course going forward, any recommendations not implemented by the action date exceeding 12 months, the responsible officer be invited to Committee.

This would allow the officer to provide an update to Members and assist the department in achieving the recommendations.

Resolved:

- 1. To note the plan changes within the report;**
- 2. To strongly request that the carry forward with the work plan not exceeded the 10% target;**
- 3. To invite responsible officers to Committee when the recommendation by the action date exceeds 12 months.**

30/17 Update on Anti-fraud Activities

The Committee received a report from the Head of the Audit Partnership on Anti-fraud Activities. It was reported that the NFI activity was now 8 months into the exercise and the number of matches had significantly improved since the last report received in March.

Members were informed of the number of matches report, of which the Cabinet Office NFI team did not expect 100% clearance of all matches but they identified recommended matches that the want the Council to investigate. It was noted that there was a high number of creditor's matches, due to many suppliers being listed twice.

The Committee were advised of the number of cases cleared and that progress on the 2016/17 NFI to date compared with the overall performance on the 2014/15 exercise.

It was reported that to continually fight against fraud, the Cabinet Office was encouraging Councils to consider uploading the latest version of their Council Tax and Electoral Register data through NFI ReCheck. This would allow the Council to proactively check their existing customer records to establish and monitor any changes.

Members noted that on the revised work programme they were due to receive a presentation on Anti-fraud activities at the next meeting.

Resolved to note the actions and the progress made on the clearance of National Fraud Initiative matches and associated anti-fraud activities.

31/17 Risk Management Annual Report 2016/17

The Committee received a report from the Director of Governance and Monitoring Officer on the Risk Management Annual Report 2016/17. It was reported that the report outlined the developments in the Council's risk management framework for the period 1 April 2016 to 30 September 2017 and identified areas for future development.

The Committee were advised that the Council's risk management framework was currently being independently reviewed to assess the level of compliance with good risk management practices.

Members were informed that previously the Insurance and Risk function consisted of 1 officer, following concern raised by the Committee in 2014 recruitment to a new structure was completed in October 2015 with an additional 3 officers in post by January 2016. These staff were responsible for the day to day running of the insurance function.

The Committee noted that greater emphasis would be placed on the quality of the risk registers and the provision of assurance to senior management and the Committee, that the risks were being properly reviewed and monitored in-line with the guidance in the Risk Management Handbook.

A key task for 2017/18 would be to address the gaps in the Council's risk management procedures. There would be an independent review of the Council's risk management framework.

Given the Committee's responsibility for providing assurance on this, Members would need to be involved in reviewing the outcomes of the independent consultants.

For this reason, Members of the Committee considered setting up a working party to oversee the review alongside officers and report back to the Committee the recommended actions.

Resolved:

- 1. To establish a working party to consist of Councillors Hezelgrave, Ashburner, Care, Grimadell and Willoughby and officers to assess and report back to the Committee on the outcomes from the independent review of the Council's Risk Management frame;**
- 2. To strongly advise Council Cabinet and Council that further work was required to properly embed a robust risk culture.**

32/17 Exclusion of the 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 2 & 3 of Part 1 of Schedule 12A of the Act and that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

33/17 IT Security

The Committee received a report from the Director of Governance on the Internal Audit Progress Report – IT Security.

Resolved to note the report.

MINUTES END