

Time Commenced: 10.03am  
Time Ended: 12.41pm

## **AUDIT AND GOVERNANCE COMMITTEE**

### **11 October 2023**

Present: Councillor Morgan-McGeehan (Chair)  
Councillors Mulhall, Care, Bolton, Kus, Wilson, Repton and J Wright.  
Co-opted Members Philip Sunderland, David Webster and Anthony Doleman

In attendance: Richard Boneham – Head of Internal Audit  
Alison Parkin – Director of Finance  
Hannah McDonald – Group Auditor  
Martin Shipley – Group Auditor  
Paul Simpson – Chief Executive  
Andy Brammall – Director of Digital and Customer Services  
Salleh Chowdhury – Insurance Manager  
Olu Idowu – Head of Legal, Insurance & Information Governance Services  
Susannah Leask – Principal Auditor

### **27/23 Apologies for Absence**

Apologies for absence were received for Councillor Sandhu and Paul Stone.

### **28/23 Late Items**

The Chair introduced a late item on Annual Governance Statement 2022/23. It was noted that this item could not have been published with five clear working days' notice. It was noted that it was necessary for the Committee to consider the Annual Governance Statement 2022/23 at this meeting as the next Audit and Governance Committee meeting would not take place until December 2023.

### **29/23 Declarations of Interest**

There were none.

### **30/23 Minutes of the meeting held on 26 July 2023**

The minutes of the meeting held on 26 July 2023 were agreed as a correct record.

## 31/23      Annual Governance Statement 2022/23

The Committee received a report on the Annual Governance Statement 2022/23. This report was presented by the Chief Executive.

It was noted that the Council was required to publish an Annual Governance Statement (AGS) to accompany the annual accounts in accordance with the Accounts and Audit Regulations 2015. This was produced following the completion of an annual review of the Council's governance arrangements.

The Committee noted that the preparation and publication of the AGS was in accordance with the CIPFA/SOLACE "Delivering Good Governance in Local Government" framework. It was reported that the Council continued to operate in a dynamic landscape with increased demands for services, inflationary pressures and significant challenges to financial sustainability.

A councillor asked what the main risks to the Council over the coming year were. The Chief Executive informed the Committee that the two key risks to the Council were workforce recruitment and retention and the financial situation facing all local authorities.

A member of the Committee commented that External Audit had not commented on the effectiveness of the Council's governance arrangements. It was noted that informal conversations were held with External Auditors which allowed them to make comments.

The Committee requested that a future report was brought to the Committee on changes to the data management arrangements and detailed information on data breaches and how the Council planned to tackle the increase in data breaches.

It was requested that an item on how the MTFP was put together and presented was added to the Internal Audit Plan. The Head of Internal Audit agreed to add this to the plan.

The Committee noted that for the 2021-22 Audit, EY had discovered that a subsidiary auditor was providing tax services to the subsidiary that they were auditing. EY had determined that the subsidiary auditor was therefore not independent and that EY needed to perform independent procedures themselves.

**Resolved:**

- 1. to review and approve the Annual Governance Statement 2022/23 at Appendix 1.**
- 2. to delegate to the Director of Corporate Management to make any necessary changes following review by External Audit and the date of the publication of the Annual Accounts (further to them being audited).**
- 3. to request that the Leader of the Council and the Chief Executive sign the Certification at the end of the Annual Governance Statement for publication alongside the statement of accounts.**
- 4. to request that a report was brought to a future Committee meeting on changes to the Council's data management arrangements. Including detailed information on data breaches and how the Council planned to tackle the increase in data breaches.**

## **32/23      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 Accounts Committee resolved: to agree that a Resolution Tracking report be included in future agendas of the Audit and Accounts Committee.

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

It was noted that there was a Money Laundering course on the Council's e-Learning portal, but this was not mandatory or well publicised. It was noted that the Head of Internal Audit and the Director of Finance were currently exploring what e-Learning packages were available on Counter Fraud.

A Co-opted Member asked for Co-opted Members to be included in any training sessions for Committee members.

### **Resolved:**

- 1. to note the report.**

## **33/23      Allestree Hall and Golf Course – Internal Audit Investigation Report**

The Committee received a report of the Chair of Audit and Governance

Committee on the Allestree Hall and Golf Course – Internal Audit Investigation Report. This was presented by the Group Auditor.

It was reported that at the Council meeting on 18th January 2023, Councillor Shanker had moved a Motion Without Notice under CP42(d) for the matter regarding Allestree Hall to be referred to the Audit & Governance Committee as the appropriate body for the matter to be dealt with.

It was noted that at its meeting on 22nd March 2023, the Audit and Governance Committee had formally requested that the Central Midlands Audit Partnership (CMAP) carried out an independent investigation into the ongoing sale of Allestree Hall and Golf Course. It also requested that issues concerning English Heritage status and potential criminality of tree removal works alleged to have taken place were included in the investigation.

It was reported that the Committee had passed a motion for the scope of the investigation to be agreed with Councillor Shanker, the then Chair of Audit and Governance Committee (former Councillor Joanna West), the Group Auditor and the Head of Internal Audit and for the outcome of the investigation to be reported back to the Committee in due course. It was noted that the former Chair had agreed the following scope for the investigation:

- The Council's engagement with the English Heritage assessment for the golf course to become a Heritage Asset and that completion of the Heritage Impact Assessment followed due process.
- Whether the removal of /damage to trees at Allestree Park constituted a criminal offence.
- Was a competitive process carried out for the sale of Allestree Hall & Golf Course and was adequate due diligence undertaken to ensure that the process provided a value for money outcome for the Council.

It was noted that the former Chair had also agreed that once the fieldwork had sufficiently progressed, then CMAP would involve the Co-opted Member in a review of fieldwork and findings and the conclusions that CMAP had drawn from its investigation.

It was reported that CMAP had concluded that Council officers suitably engaged with English Heritage, in order for the golf course to become a Heritage Asset, and completion of the Heritage Impact Assessment followed due process. It was noted that CMAP had also concluded that the removal of /damage to trees at Allestree Park did constitute a criminal offence. It was noted that the Council had acknowledged the breach and taken appropriate action in line with the required government guidance to best rectify the situation.

It was reported that CMAP had concluded that a competitive process had been undertaken for the sale of Allestree Hall & Golf Course, along with adequate due

diligence and the securing of a value for money outcome for the Council.

A councillor questioned whether the Council had proper oversight over Derbyshire Wildlife Trust's management of the site. It was noted that a terms of reference to formalise arrangements between the Council and DWT had now been developed and implemented. It was noted that a project board was now also in place. It was agreed that this would be included in the indicative audit plan.

A Councillor commented that the heritage assessment was conducted before relevant information on the historic design and nature of the site had been discovered. The councillor suggested that the local heritage assessment should be reviewed. The Committee agreed that a new heritage assessment should be carried out on the site.

A Co-opted member asked whether the Tree Protection Enforcement Policy should be considered before May 2026. It was agreed that the relevant Head of Service would be asked to look into this.

**Resolved to agree that a new Heritage Impact Assessment should be carried out.**

## **34/23      Audit and Governance Committee – Updated Committee Work Programme 2023-24**

The Committee received a report from the Chair of Audit and Governance Committee on the Audit and Governance Committee – Updated Committee Work Programme 2023-24. This report was presented by the Head of Internal Audit.

The report provided details of the updated work programme for this Committee for the 2023/24 Municipal Year.

A councillor asked for future versions of the report to include the prospective work programme for the next 12 months. The Head of Internal Audit agreed to include this.

A councillor asked for the Committee to receive a report on S106 and how it was currently implemented. It was agreed that Planning would be asked bring this to a future meeting and that a government representative would also be asked to attend. It was noted that S106 would also be added to the indicative audit plan. It was agreed that the scope of this audit would be discussed with Committee members before it commenced.

A Co-opted Member asked for an update from External Audit to be included on the agenda for every meeting. It was agreed that this would be included on future agendas.

**Resolved:**

- 1. to agree the updated work programme for the Committee attached in Appendix 1.**

## **35/23 Internal Audit Progress Report**

The Committee received a report on the Internal Audit Progress Report. The report was presented by the Head of Internal Audit and provided the Committee with an overview of the output from Internal Audit assurance work for the period from 8 July 2023 to 20 September 2023.

It was noted that the Audit and Governance Committee was responsible for providing assurance to the Council on the effectiveness of its governance arrangements, its risk management framework and the internal control environment. It was noted that the work of Internal Audit supported the Committee in providing this assurance.

The committee noted that internal audit plans needed to take account of changes in the Council's risks and that the move to a rolling quarterly based internal audit plan had helped to achieve a more responsive approach to changes in risk.

The Head of Internal Audit informed the Committee that a report on the progress against the 2023/24 internal audit plan was attached at Appendix 1. It was reported that the progress report also contained the latest position on the actions detailed in CMAP's Quality Assurance and Improvement Plan (QAIP).

A councillor asked what the escalation process was if a risk was not responded to in a timely manner. It was noted that this would be raised with service directors and strategic directors, It was reported that ultimately the Committee could call in officers where risks recommendations were not being implemented. The Committee agreed that going forwards officers would be invited to attend meetings for significant and moderate risks if a trigger point was met. It was agreed that the Head of Internal Audit would report back on what the trigger point should be.

A councillor asked why long-term waste management had been removed from the plan. It was noted that the days that had been assigned to long-term waste management had now been assigned to the waste management audit.

A councillor commented that many of the delays appeared to be software/data related. It was agreed that responses that cited software/data issues would be collated and that if a trend was found then the Director of Digital and Customer Services would then be asked to look at any relevant data architecture issues.

A Co-opted Member asked when the Street Lighting PFI contract was due to end. It was noted that there was approximately 10 years left in the contract.

**Resolved:**

- 1. to note the progress being made by Internal Audit on its work in 2023/24 outlined 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 progress being made by management in respect of the implementation of internal audit recommendations.**

### **36/23 Internal Audit Plan 2023/24 - Quarter 3**

The Committee received a report on the Internal Audit Plan 2023/24 - Quarter 3 which outlined the proposals for internal audit work in Quarter 3 of 2023/24. This was in accordance with the Public Sector Internal Audit Standards (PSIAS) which required that Internal Audit develops a risk-based plan to direct their work in the forthcoming financial year.

The appendix to the report also outlined those areas that the Head of Internal Audit had earmarked for audit review in Quarter 4 of the financial year and also Quarters 1 and 2 of 2024/25. These were subject to change in light of new and emerging risks and issues.

**Resolved to approve the Internal Audit Plan for Quarter 3 of 2023/24 at Appendix 1.**

### **37/23 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 paragraph 3 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.**

### **38/23 Adequacy and Level of Derby City Council's Insurance Arrangements**

The Committee received a report from the Director of Corporate Governance, Property and Procurement and Monitoring Officer on Adequacy and Level of Derby City Council's Insurance Arrangements. The report was presented by the Head of Legal, Insurance & Information Governance Services and the Insurance Manager.

This report provided the Audit and Governance Committee with an update on the current insurance arrangements in place for Derby City Council, their levels and adequacy, and also details on the number of claims.

**Resolved to note the report.**

### **39/23 Risk Accepted Recommendations**

The Committee received a report from the Director of Finance on Risk Accepted Recommendations. The report was presented by the Head of Internal Audit. The purpose of the report was to advise the Committee on internal audit recommendations that had been “risk accepted” between 22 March 2023 and 26 July 2023.

**Resolved to decide that the Committee did not require any further assurances from Management on the decisions they had taken.**

### **40/23 Risk Accepted Recommendations since the last meeting**

The Committee received a report from the Director of Finance on Risk Accepted Recommendations. The report was presented by the Head of Internal Audit. The purpose of the report was to advise the Committee on internal audit recommendations that had been “risk accepted” since the last Internal Audit Progress Report was considered at the Committee meeting on 26 July 2023.

**Resolved:**

- 1. to decide that the Committee did not require any further assurances from Management on the decisions they had taken.**
- 2. To recommend that the Council reviewed its risk appetite.**

MINUTES END