

Time Commenced: 10.01am  
Time Ended: 11.48am

**AUDIT AND GOVERNANCE COMMITTEE**  
**29 September 2021**

Present: Councillor West (Chair)  
Councillors Bettany, Care, Hussain, Grimadell, T Pearce,  
Jennings and Pegg  
Co-opted Member Philip Sunderland

In attendance: Richard Boneham – Head of Internal Audit  
Simon Riley – Strategic Director of Corporate Resources  
and S151 Officer  
Hassan Rohimun – Ernst and Young  
Sarah Walker - Head of Strategy and Performance  
Martin Shipley – Group Auditor  
Hannah McDonald – Group Auditor

**25/21 Apologies for Absence**

Apologies were received for Councillor Willoughby

**26/21 Late Items**

There were no late items.

**27/21 Declarations of Interest**

There were no declarations of interest.

**28/21 Minutes of the meeting held on 28 July 2021**

The minutes of the meeting held on 28 July 2021 were agreed as a correct record.

**29/21 Audit and Governance Committee – Outstanding Resolutions**

The Committee received a report of the Strategic Director of Corporate Resources on Audit and Accounts Committee – Outstanding Resolutions.

Members noted that a working group would be formed to look at the outstanding

resolution from 27 January 2021. It was noted that this working group would include officers from: Internal Audit, Legal, Counter Fraud Team and the Assurance Team. It was reported that the Council's S151 Officer would sponsor the working groups project. It was noted that these strategies had been updated in 2017.

It was noted that the Committee Terms of Reference working group would be meeting soon and would report back to the November 21 meeting.

It was reported that the Member's handbook was now on Sharepoint and that the Chair of Committee had agreed to review the content before it goes live. It was noted that the independent members could not access Sharepoint at the moment and that IT were working to resolve this issue.

**Resolved to note the report.**

### **30/21 Internal Audit Plan 2021/22 – Quarter 3**

The Committee received a report of the Strategic Director of Corporate Resources on Internal Audit Plan 2021/22 – Quarter 3.

It was noted that this report set out which areas would be audited during quarter 3 2021/22. It was noted that the key financial controls audit had been carried forward from quarter 2. It was reported that a number of contingencies such as IT and Fraud and Risk had been included. It was noted that the Internal Audit Team had started to identify areas for 22/23.

It was reported that the Council had received a rebate from CMAP of £139,442.

A councillor questioned what SFVS stood for and was informed that this stood for Schools Financial Value Standard. A member questioned whether academy schools were required to comply with this standard and was informed that the Council was not responsible for academy schools.

A councillor mentioned that houses built since 2008 in flood risk areas were not protected against flooding by their insurance. The Committee noted that the Our City Our River project was currently being completed and that 500-800 houses had already been protected.

A member questioned whether register of interests was in the Internal Audit Plan. The Committee noted that the register of interests was a low-risk area but would be considered as a future audit. The external auditor informed the Committee that they looked at this area as part of their work.

**Resolved to consider and approve the Internal Audit Plan for Quarter 3 of 2021/22 at Appendix 1.**

## 31/21      Annual Governance Statement 2020/21

The Committee received a report of the Strategic Director of Corporate Resources on Annual Governance Statement 2020/21.

It was reported 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 and that this was produced following the completion of an annual review of the Council's governance arrangements.

Members 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 noted that the Annual Governance Statement for 2020/21 must be published alongside the statement of accounts when they receive final approval. It was also noted however, that the Annual Governance Statement needed to be current at the time of final approval of the accounts.

Members discussed the Council's response to the coronavirus, Financial Sustainability and Resilience along with SEND written statements of action.

It was noted that an assessment against the financial management code would be brought to the November 2021 meeting.

The external auditor informed the Committee that they had recently received the Annual Governance Statement and were currently working through their procedures for assessing this statement.

It was noted that Derby's reserves sufficiency was lower than CIPFA comparators.

A councillor commented that it was disappointing that the climate emergency had not been included in the Annual Governance Statement. It was agreed that the Climate Emergency should be included as an area of development and would be added to the Annual Governance Statement. It was also agreed that a reference to the Audit and Accounts Committee becoming the Audit and Governance Committee would be included.

### **Resolved:**

- 1. To review and approve the Annual Governance Statement 2020/21 at Appendix 1.**

- 2. To delegate to the Strategic Director of Corporate Resources to make any necessary changes following review by External Audit and the date of the publication of the Annual Accounts (following Audit)**
- 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 include a reference to the Climate Emergency and a reference to the Committee's name change in the Annual Governance Statement.**

## **32/21      2020/21 Statement of Accounts – external audit update**

The Committee received a report of the Strategic Director of Corporate Resources on the 2020/21 Statement of Accounts – external audit update.

It was noted that the Council's audited Financial Statements for the year ending 31 March 2021 were due to be presented to the Audit and Governance Committee for approval on 29 September 2021. It was reported that a recent meeting with the Council's external auditors – Ernst and Young (EY) had resulted in some delays which have impacted their ability to sign off the accounts by this time.

It was reported that the delay was due to additional national regulatory requirements around pensions and Group Accounts, together with delays in EY receiving information from the auditors of the Derbyshire Pension Fund (Mazars).

The Committee noted that the actual audit of the Council's Financial Statements was substantially complete and was going through EY's internal review processes. It was reported that at present there were no changes to the core financial statements required. It was noted that there were minor amendments required to some of the disclosure notes which were out at Appendix 1 for members information. It was noted that none of these, required any further accounting entries to be made. It was noted that a contingent liability note would be included for the Sinfin Waste Facility.

The Committee noted that the revised date for submitting both the Financial Statements and EY's ISA260 for approval by the committee was 3 November 2021.

It was reported that the Government had recently announced that the suite of reports to enable the Whole of Government Accounts (WGA) to be completed would not be released until December. It was noted that this meant that any submission of the Financial Statements and ISA260 to the committee for

approval in November, would be signed off 'subject to' completion of the WGA.

The Committee noted that despite the above delays the actual audit had gone well and thus far had resulted in no material changes to the Financial Statements. It was reported that the Accountancy team had been able to deliver a set of high-quality Financial Statements around 2 months ahead of the statutory deadline for publishing the Council's draft accounts.

**Resolved:**

- 1. to note the content of the report.**
- 2. to thank the Strategic Director of Corporate Resources and their team for their work on the Statement of Accounts.**

## **33/21      Programme Management Office Update**

The Committee received a report of the Director of Policy, Insight and Communication on Programme Management Office Update. This report was presented by the Head of Strategy and Performance.

It was reported that The types of activities covered by a PMO could include:

- **Centralised project support** - consistent templates, business case development, risk management
- **Facilitation of project networks** - communication across project teams and escalation of issues where appropriate
- **Reporting and assurance** - effective project oversight and control to minimise failures and improve the chance of overall success
- **A 'Centre of Excellence'** - guidance on methods, standards, processes and tools, internal delivery and standards assurance, education and training to foster a culture of continuous improvement
- **Enable business leadership** - the development of portfolio management structures, tools, processes and governance and strategic decision making.

The Committee noted that Derby's PMO was established in September 2018, to develop a more consistent and robust corporate approach to managing projects.

It was reported that alongside the establishment of the Assurance Team, the PMO Board was reviewed and re-defined in 2020. It was noted that the Board was now chaired by the Strategic Director of Corporate Resources, with representatives from all Directorates, and alongside the Assurance Teams covered the functions of Derby's PMO; with the Board's responsibilities including:

- embedding a consistent, strategic and robust approach to project decision making across the Council to promote delivery of community outcomes
- defining, considering and signing off major decisions within the Gateway process
- providing enhanced assurance for programme delivery, including financial management, using an embedded audit approach
- promoting learning and good practice.

The Committee noted that Key achievements over the last nine months, aided by targeted Change Derby support, have included:

- the establishment of a PMO Sounding Board Network, with professionals from across directorates to support project development activities
- a review of project tools and templates, with all key documents being re-drafted incorporating 'best practice' and streamlining to reduce duplication
- the development, and piloting of, a new Project Management Platform for document storage and the management of programmes and projects
- updating programme and project roles and responsibilities, with refreshed guidelines on MiDerby to aid clarity and consistency
- a review of the gateway guidance, including the criteria for projects to be considered by the PMO Board to make sure that the Board has oversight of the 'right projects'
- a desk-top review of project capacity to support the development of the refreshed Project Manager Network and the Project Hub
- A strengthening assurance role for the PMO Board, with an improved focus on learning and sharing good practice.

It was reported that the gateway criteria had been updated, being made more specific and aligned to related documents, and was available at Appendix 2. It was noted that Key changes have included:

- the financial criteria has been widened to include revenue activity and external funding opportunities (in line with Cabinet approvals)
- the impact criteria has been widened out to include internal implications and external implications, which have been aligned to the criteria for a 'key decision'
- the importance criteria has been re-defined and linked to the Risk Management Strategy

- there has been an introduction of an ‘outcomes’ criteria, in line with Performance Management Strategy.

A councillor asked whether there were capacity problems with project management. The Committee noted that this was an issue for Derby City Council and for other local authorities and that this risk had been identified.

**Resolved:**

- 1. to note the significant developments that have been made in the PMO function over the last 12 months; as set out in paragraph 4.11 and Appendix 1.**
- 2. to note the future priorities for improvement, set out in paragraph 4.16 and that an updated report will be presented to Audit and Governance Committee in July 2022.**

MINUTES END