

Time Commenced: 10.30am
Time Ended: 1.10pm

AUDIT AND ACCOUNTS COMMITTEE
19 June 2019

Present: Councillor Willoughby (Chair)
Councillors Bettany, Care, A Pegg, Shanker and West
Philip Sunderland

In attendance: Don McLure – Strategic Director of Corporate Resources
Heather Greenan – Director of Policy, Insight and
Communications
Richard Boneham – Head of Internal Audit
Emily Feenan – Interim Director of Legal, Procurement and
Democratic Services and Monitoring Officer
Andy Brammall – Director of Digital and Customer Services
Nicola Goodacre – Group Accountant Capital
Gemma Hadfield – Principal Accountant Corporate
Martin Shipley – Group Auditor
Trudy Enticott – Group Auditor
Keith Cousins – Communications Officer
Councillor Roulstone – Cabinet Member for Finance and
Procurement
Vishal Savjani – Ernst and Young LLP

01/19 Apologies for Absence

Apologies were received from Councillors Dhindsa and McCristal and Stuart Green.

02/19 Late Items

There were no late items.

03/19 Declarations of Interest

There were no declarations of interest.

04/19 Minutes of the meeting held on 27 March 2019

The minutes of the meeting held on 27 March 2019 were agreed as a correct record.

05/19 Audit and Accounts Work Programme

The Committee considered a report which set out details of the updated work programme for the Committee for the 2019/20 Municipal Year.

It was suggested that an update on the Long Term Waste Management Contract be considered at the next meeting and that a self assessment be undertaken mid year.

It was reported that Arlingclose had offered training on Treasury Management, any Members wishing to take up the training should let Members' Services know and training would be organised.

Resolved

- 1. To agree the work programme for the Committee set out in Appendix 1 to the report subject to the addition of the Long Term Waste Management Contract update at the next meeting and a self assessment to be undertaken mid year.**
- 2. To agree the training plan for 2019/20 set out in paragraph 4.4 of the report for future sessions of the Committee.**

06/19 Draft Annual Report from the Audit and Accounts Committee

The Committee considered a report which sought input into the Annual Report of the Audit and Accounts Committee for 2018/19. The Annual Report was designed to inform Council of the Committee's activities during the Municipal Year 2018/19.

Members of the Committee should submit and comments to Richard Boneham by then end of June 2019. It was suggested that there should be an emphasis on risk surgeries included setting out what was considered and the actions taken.

Resolved

- 1. To approve the draft annual report set out in appendix 1 to the report subject to the inclusion of an emphasis on risk surgeries undertaken and the actions arising.**
- 2. To refer the report to Council for approval.**

07/19 A52 System Weakness Report

The Committee considered a report which gave details of the system weaknesses identified as part of the A52 Transport Improvements Scheme Investigation.

It was noted that the report had been split into two separate areas for the audit plan, A52 Scheme and Corporate. Those audits would come to the Committee once they had been completed.

Members of the Committee expressed concern that some of the recommendations would not be implemented until December 2019. It was reported that given the scale of the projects it would take some time to embed the requirements across the Council. A Project Management Board had been established to make sure the systems were in place.

In respect of recommendation 22 the Chief Executive had commissioned further audit work on all projects. The expectation was that lessons learnt from the A52 weaknesses report would be picked up by Senior Responsible Officers (SROs) and projects boards. The date for implementation was to be able to give rigid assurance that changes had been embedded across the Council. It was noted that if changes could be implemented sooner then they would be.

In respect of recommendation 4 Members of the Committee asked who was getting updates and when? It was reported that the Corporate Board which included the Deputy Leader was having regular updates and Leadership were also having regular briefings. The public would be updated through the normal reporting mechanisms.

A Member of the Committee asked if the same governance arrangements were in place for the swimming pool and the Assembly Rooms. It was reported that there would be individual audits on them. Councillors could request briefings from officers at any time.

In respect of delegations to officers the project had been assessed and the delegations were appropriate.

A Member of the Committee asked about compensation for affected businesses. It was reported that the situation had been brought to the attention of the Valuation Office and they would consider a temporary rateable value reduction to help if the situation warranted it.

A Member of the Committee asked about confidential reporting. The Strategic Director of Corporate Resources assured the Committee that confidential reporting was not happening. It was reported that once everything was in place reports would be considered by Council Cabinet on a quarterly basis.

A Member of the Committee asked about section 2 – Additional Issues and if there was an action plan in place particularly in relation to a letter to D2N2. It was reported that Councils were tasked with making the best use of the D2N2 funding available for schemes.

A Member of the Committee asked when the A52 scheme would be completed. It was reported that a revised timetable had been drawn up following the most recent Council Cabinet approvals and it was likely to be summer 2020.

It was reported that a gateway process was in place for projects to ensure that business cases were sufficiently robust and timetables clear.

Members of the Committee welcomed the quarterly reporting to Council Cabinet and requested that the first report also be considered by the Audit and Accounts Committee.

Resolved

- 1. To note the system weaknesses report set out in appendix 1 to the report.**
- 2. To welcome the quarterly reporting into Council Cabinet.**
- 3. To welcome the gateway process to ensure that business cases were robust.**
- 4. To request an update at the next meeting.**

08/19 Internal Audit Annual Report 2018/19 and Head of Audit Opinion

The Committee considered a report which provided the Annual Internal Audit Opinion as required by the Public Sector Internal Audit Standards, together with a summary of the work that the Council's Internal Audit Service had undertaken during 2018/19.

The report also provided information on the performance of the Internal Audit service in 2018/19 and an assessment of the conformance against the Public Sector Internal Auditing Standards.

Members of the Committee asked how they could be assured that there was nothing being overlooked. It was reported that each year for the audit plan, internal audit carried out a risk assessment of the audit universe, talked to officers in departments and looked at the risk register to see what areas should be audited. This did not mean something could not be missed but normally indicators would arise to flag emerging issues.

Members of the Committee asked why some audits had not been completed in the year. It was noted that due to the A52 weaknesses report staff had been diverted from other audits to undertake that review.

Resolved to note the Internal Audit Annual Report 2018/19.

09/19 Draft Annual Governance Statement

The Committee considered a report which stated that the Council has 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 preparation and publication of the AGS was in accordance with the CIPFA/SOLACE 'Delivering Good Governance in Local Government' framework.

A Member of the Committee suggested that in terms of the Long Term Waste Management Contract the potential compensation figure should be narrowed down. It was reported that the project was moving to an intense period relating to termination of the contract and that an answer could not be given until that process was complete.

A Member of the Committee asked why the Assembly Rooms was not included with it being approved against officer advice. It was reported that Council Cabinet had made the decision based on a report setting out the financial consequences of the decision but that decision had no governance issues and therefore should not be included.

A Member of the Committee referred to comprehensive engagement with stakeholders and was particularly concerned about engagement with Councillors on the Council Plan. It was noted that the Council Plan would be considered by Council in July 2019. It was reported that Councillors had the right to ask questions of officers and that the decision making process was very transparent and in some areas was ahead of the curve by having pre decision scrutiny at Executive Scrutiny Board.

A Member of the Committee referred to the recent Council recognition of the climate emergency and that it would require an ongoing review of a wide range of council priorities. In relation to the refurbishment of the Assembly rooms the member asked if it would be more energy efficient than previously. It was reported that environmental factors were taken into account during the design phase of buildings by project boards.

It was suggested that in light of the recent decision of Council, projects needed to be reviewed.

In relation to the recording and filming of Council meetings the Chair was keen that the Council broadcast live.

It was suggested that reference be added to bullet 2 on page 21 in relation to risk surgeries.

A Member of the Committee suggested that key projects above £5m be added to the Annual Governance Statement. Key projects to include, Waste Management Long Term Contract, A52, Swimming Pool, Assembly Rooms and Market Hall.

Resolved

- 1. To note the draft Annual Governance Statement 2018/19 set out at appendix 1 to the report.**
- 2. To include some narrative in the Annual Governance Statement relating to**

risk surgeries.

- 3. To include a summary of key projects in the Annual Governance Statement.**
- 4. To note that in view of the recent Council recognition of the climate emergency an on going review would be needed of the wide range of Council priorities.**

10/19 Internal Audit Progress Report

The Committee considered a report which provided the Committee with an overview of the output from Internal Audit assurance work for the period 1 March 2019 to 17 May 2019.

The internal audit plan was constructed to ensure that it delivered against the Public Sector Internal Audit Standards (PSIAS) and the requirement to produce an annual Head of Internal Audit opinion on the Council's internal control environment.

Resolved

- 1. To note the progress being made by Internal Audit on the 2019/20 plan, including brought forward work from 2018/19 in the report set out in Appendix 1.**
- 2. To note the control issues being raised by Internal Audit and management's response to the risks.**
- 3. To note the progress being made by management in respect of the implementation of internal audit recommendations.**

11/19 Counter Fraud Update

The Committee considered a report which provided an update on the counter fraud activities, including the National Fraud Initiative, being undertaken within the Council in the period 1 October 2018 to 31 May 2019.

It also provided an update on any notifications/investigations that had taken place under the following legislation:

- The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR 2017)
- Bribery Act 2010
- Public Interest Disclosure Act 1998

- Regulation of Investigatory Powers Act 2000.

Resolved to note the actions taken and the progress being made on counter fraud activities across the Council.

12/19 Risk Management Monitoring Report for the Period to 31 March 2019

The Committee considered a report which stated that work had continued during the last quarter to strengthen the Council's risk management arrangements. The report presented a summary of the progress that had been made to date, and provided an updated Strategic Risk Register for the period ending 31 March 2019.

There were a total of twelve risks in the Strategic Risk Register, as at end of quarter 4. The changes made from the position reported at the end of quarter 3 (December 2018), were presented in paragraph 4.6 of the report. It was noted, that of the risks contained within the register, eight (67%) were judged to be 'significant risks' (the guidance used to classify risks was presented in Appendix 3 of the report).

Following the quarter 3 monitoring report, there had been one Risk Surgery (SR7 – Procurement and Contract Management). The guidance for the selection of Surgeries was set out in Appendix 2, and possible areas for consideration were detailed in paragraph 4.7 of the report.

It was suggested that risk surgeries be undertaken on

- SR6 Delivering major capital projects – in September 2019
- SR12 Sinfon Waste Plant – by the end of July 2019.

It was also suggested that the Adults and Health and Children and Young Peoples Scrutiny Boards be asked to consider

- SR10 Managing demands in statutory social care services.

Resolved

- 1. To note the quarter 4 monitoring report on the Strategic Risk Register, for the period ending 31 March 2019; with a particular focus on changes to the register and the mitigating actions that were being taken in response to our most significant risks (set out at Appendix 1 and in paragraphs 4.4 to 4.6 of the report).**
- 2. To note that there were four risks (paragraph 4.7 of the report) that could be considered at a Risk Surgery, based on this latest edition of the Strategic Risk Register.**

3. **To undertake risk surgeries in relation to**
 - **SR6 Delivering major capital projects – in September 2019**
 - **SR12 Sinfin Waste Plant – by the end of July 2019.**

4. **To request the Adults and Health Board and the Children and Young People Board to consider SR10 managing demands in statutory social care services.**

13/19 Accounting Policies 2018/19

The Committee considered a report which stated that the Council was proposing to make an amendment to its Accounting Policies for 2018/19.

Resolved to approve the Accounting Policies outlined in Appendix 1 of the report.

14/19 Exclusion of Press and Public

Resolved that under Section 100(A) (4) 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.

15/19 Information Security Update

The Committee considered a report which provided an update on information security breaches across the Council for the financial year 2018/19 with consideration to the current threats, success of improvements delivered and ongoing improvement plans.

Resolved to note the report and request a further Information Security update at the November 2019 meeting.

MINUTES END