

Time Commenced: 10.00am  
Meeting Adjourned – 10.15am  
Meeting Reconvened – 10.20am  
Time Ended: 11.38am

## **AUDIT AND GOVERNANCE COMMITTEE** **28 July 2021**

Present: Councillor West (Chair)  
Councillors Willoughby, Hussain, 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  
Helen Henshaw – Ernst and Young  
Vishal Savjani – Ernst and Young  
Heather Greenan – Service Director for Policy, Insight, and Communications  
Sinéad Booth – Data Protection Officer and Information Governance Manager  
Andy Brammall – Director of Digital and Customer Services  
Martin Shipley – Group Auditor  
Hannah McDonald – Group Auditor

### **12/21 Apologies for Absence**

Apologies were received for Councillor Care and Councillor Grimadell.

### **13/21 Late Items**

There were no late items.

### **14/21 Declarations of Interest**

There were no declarations of interest.

### **15/21 Minutes of the meeting held on 16 June 2021**

The minutes of the meeting held on 16 June 2021 were agreed as a correct record.

### **16/21 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 there had been an update on the Coroners Service section at Appendix 1. It was noted that a letter had been sent to the LGA requesting a national review of best practice relating to the administration of Coroners Services. It was agreed to remove the Coroners Service section from Appendix 1 of this report. It was noted that the Self-Assessment of the Committee would be revisited during the 2021-22 municipal year. It was agreed that the statement of accounts 19-20 and the S151 Officer's Report on internal audit would be removed.

It was noted that an update on the Committee's TOR working group would be brought to the meeting in November 2021. It was reported that the Handbook was now live on sharepoint.

It was reported that the Council were in discussions with the PSAA over future audit fees/arrangements.

**Resolved to note the report.**

### 17/21      Annual Governance Statement Training

It was noted that the Committee Chair had recently attended a CIPFA training session. It was noted that the slides from this training session would be shared with Committee members.

It was reported that the Council didn't have an up to date Local Code of Governance and that this needed to be addressed. It was noted that the Audit and Governance Committee needed to review an Annual Governance Statement Action Plan and that this Action Plan should reference the Local Code of Governance. It was noted that the Annual Governance Statement should feature COVID-19 and should be presented in a clear and concise manner. It was agreed that the Chair would discuss this with the Section 151 Officer.

**Resolved to note the update.**

### 18/21      External Audit Plan year ending 31st March 2021

The Committee received a report from Ernst and Young on External Audit Plan year ending 31st March 2021.

It was reported that the audit for 2021 was already in progress. The Committee noted that the top two audit risks were: Misstatements due to Fraud and Error and Revenue Recognition. It was reported that Misstatements due to Fraud and Error concerned management override. It was noted the Revenue Recognition had seen a slight change in focus and that revenue streams and expenditure were being monitored for areas where risk to recognition may exist. It was reported that COVID-19 grants were being observed to ensure that they had been correctly accounted for in the Council's accounts.

It was noted that the Valuation of Land and Buildings risk would see a slight change of focus and that assets impacted by income would now receive more attention. It was noted that this area had been downgraded from a significant risk to a higher risk. It was noted that PFI Financing would maintain the previous year's level of risk and that the focus would also be the same. It was noted that a specialist was reviewing PFI Models. It was noted that Pension Fund would maintain the previous year's level of risk and that the focus would also be the same. It was reported that Pension Funds had a value on the balance sheet of £442m. It was reported that Sinfin Waste Accounting would see a focus on ensuring that £5m had been accounted for correctly and that this amount was recoverable.

It was noted that the level of errors in the Council's Accounts had significantly reduced within recent years and that any errors over £0.3m would be reported to the Committee. It was reported that the Value for Money Risk Review had seen a change in the way that EY reported to the Committee. It was noted that EY now provided an auditor's annual report summarising the Council's arrangements and highlighting any risks. It was reported that this report contained a summary of arrangements that were now in place to scrutinise financial sustainability and Capital Programmes.

It was noted that the results of the audit results would be brought to the meeting in September 2021.

A Committee Member questioned whether the Pension Fund would cause a delay in the closure of this audit. It was noted that EY had written to the auditors of Derbyshire Pension Fund and had received assurances that a provisional response would be available by the end of August 2021. It was noted that EY were pre-planning for the departure of the current auditor.

**Resolved to note the report.**

## 19/21 Internal Audit Progress Report

The Committee received a report of the Strategic Director of Corporate Resources on the Internal Audit Progress Report.

It was noted that the Committee had recently received training on this subject and that the Head of Internal Audit was pleased with the manner in which the plan was progressing. It was reported that at the end of June 2021, 20% of the plan had been achieved against a target of 15.9%. It was noted that there were still some issues with officers not responding within a suitable timeframe but that this was minimal. It was reported that training was being held with teams within the Council to inform them of the purpose of audits. It was noted that brought forward audits below 50% were of concern and that there had been difficulty getting the required information for these audits.

It was noted that a memo had been produced on Derby Arena Car Parks and that this memo would be shared with the Committee. It was noted that the team were waiting for evidence on some audit recommendations before accepting them as completed.

A member commented that there may be a requirement to escalate certain audits. It was noted that the escalation progress had been improved and that time limits were now being rigidly adhered to in the escalation process. It was noted that meetings with Strategic Directors would take place where responses were not forthcoming.

It was reported that a briefing session would take place in September 2021 for Committee members on lessons learnt around the Leisure and Business Development investigation work.

**Resolved:**

- 1. To note the progress being made by Internal Audit on its work in 2021/22, including brought forward work from 2020/21 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.**

## **20/21      Counter Fraud Annual Report 2020/21**

The Committee received a report of the Strategic Director of Corporate Resources on Counter Fraud Annual Report 2020/21.

It was noted that information of the Counter Fraud Team and Internal Audit's responses to COVID grants was included in the report. It was noted that the Council had taken time to check grant requests before paying the grants. It was reported that some local authorities had paid out grants without more detailed pre-checking and had placed emphasis on post payment checking for fraud/error. It was noted that the Council's method had kept fraud and error to a minimum.

It was reported that there had been five cases of whistleblowing and that the Head of Internal Audit was in discussions with HR around the connection between whistleblowing and grievances.

The Chair commented that the Council had been commended in the way that it had issued COVID grants. A member questioned whether information could be provided to members on fraud within adult social care. It was agreed that information on this issue would be provided to members of the committee.

A member questioned how many instances of fraud and error had been uncovered by the Council in relation to COVID grants. It was reported that out of 8604 grants (not including discretionary grants) there had been 42 cases where money needed to be returned to the Council. It was reported that for nine of these cases, the Council had already seen the grants returned.

**Resolved to note the report.**

## **21/21      2020/21 year-end risk assurance report**

The Committee received a report of the Director of Policy, Insight and Communications on 2020/21 year-end risk assurance.

The Committee noted that an item on risk management was delivered at the April 2021 Managers Conference to reinforce roles and to provide an update on the changes in the 2020 Risk Management Strategy. It was reported that work remained on-going to identify more Risk Champions and that there had been two new Champions identified in the final 6 months of 2020/21 (Legal and HR).

It was noted that Department risk registers had been reviewed, as part of the development of 2021/22 Department Business Plans. It was reported that analysis of emerging risk themes was completed and presented to the Corporate Risk Management Group and Corporate Leadership Team (CLT). The Committee noted that in order to strengthen oversight of department risks, Directors had been requested to complete a review of 2020/21 risks to ensure there was a clear audit of risk activity (whether these are carried forward or closed).

It was reported that the 2021/22 Audit Plan was presented to the June 2021 Committee, and was now a rolling document to align to the risk framework. The Committee noted that the Head of Internal Audit and Head of Strategy and Performance met monthly to ensure appropriate alignment. It was reported that the Corporate Risk Management Group continued to challenge the statuses of risks and mitigations through the quarterly risk monitoring reports, and that a provisional schedule of deep-dive reviews for 2021/22 had been prepared.

It was noted that a risk appetite session at CLT was hosted in March 2021. It was reported that further activity was to be planned for 2021/22, to engage Heads of Services and councillors, which would inform the development of risk appetite statements for the Council. It was noted that a session with Heads of Service would be hosted via the Senior Leaders Network in autumn 2021.

It was reported that based on the assessment completed at the end of June 2021, on the updates provided at the end of March 2021, there were no risks recommended for a Risk Surgery.

A councillor asked why risk SR7 /CR6 was not being put forward for risk surgery. The Committee noted that it was likely that this risk would warrant a deep dive at quarter 1 and that this risk would be reviewed at that point. A member questioned whether enough resources were available for effective risk assurances to take place. It was noted that a vacancy within the team had been filled and that the team were operating affectively, while working from home.

A councillor commented that non-urgent work had been stacking up during the pandemic. The Strategic Director of Corporate resources informed the Committee that the Council, along with other local authorities, would now have to deal with the tail-end of COVID-19. It was reported that the performance report showed that the Council were aware of demands in the context of COVID. It was noted that the Council was waiting to see whether the government would provide further funding or relax some of the Council's obligations. It was agreed that some of the details of backlogs faced by the Council, along with the context, would be included in the Q2 report.

**Resolved:**

- 1. To note the progress made, from the mid-year position on assurance assessments for each stage of the risk management process, presented in paragraph 4.4.**
- 2. To note the latest assurance overview completed on risks within the strategic risk register, Appendix 1, and the subsequent recommendations for targeted risk assurance activity during 2021/22 (paragraphs 4.8 and 4.9).**

**22/21      Annual Report and Review of Performance  
2020/21**

The Committee received a report of the Chief Executive on Annual Report and Review of Performance 2020/21.

It was noted that every year the Council were required to produce a short Annual Report, which was published alongside its Annual Review of Performance that presented a summary of the Council's progress against agreed priorities from the last year.

It was reported that these documents were important in communicating the work that the Council delivered, its achievements and the challenges it had encountered. It was noted that this report also complemented the Statement of Accounts and Annual Governance Statement that, by necessity, were technical in nature and published separately.

It was reported that the Annual Report and Annual Review of Performance were approved by Council Cabinet on Wednesday 14 July 2021.

A councillor questioned why the report did not set targets and questioned whether this would be the case going forward. The Committee noted that targets had not been set as a result of the pandemic and that going forward targets would be set.

**Resolved to note the Annual Report and Annual Review of Performance.**

## 23/21 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.**

## 24/21 Information Governance Update

The Committee received an exempt report of the Director of Digital & Customer Management on Information Governance Update.

**Resolved to accept the recommendation at paragraph 2.1 of the report.**

MINUTES END