

Time Commenced: 10.18am

Time Ended: 11.14pm

## **AUDIT AND GOVERNANCE COMMITTEE 23 March 2022**

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

In attendance: Richard Boneham – Head of Internal Audit  
Simon Riley – Strategic Director of Corporate Resources  
and S151 Officer  
Peter Shillcock – Group Accountant – Corporate Finance  
John Massey – Head of Revenues, Benefits & Exchequer  
Services  
Linda Spiby – Head of Procurement and Contracting  
Martin Shipley – Group Auditor  
Hannah McDonald – Group Auditor

### **62/21 Apologies for Absence**

Apologies for absence were received for Stuart Green, Councillor T Pearce and Councillor Willoughby.

### **63/21 Late Items**

There were no late items.

### **64/21 Declarations of Interest**

There were no declarations of interest.

### **65/21 Minutes of the meeting held on 26 January 2022**

The minutes of the meeting held on 26 January 2022 were agreed as a correct record.

A member questioned whether there should be a standing item on external audit. The Chair commented that this would be discussed at the next pre-meet.

In respect of minute no 57/21 – Members of the Committee asked whether an update was available on Aida Bliss. The Head of Internal Audit informed the Committee that they would provide members of the Committee with an update

via email.

## 66/21      Audit and Governance Committee – Outstanding Resolutions

The Committee received a report 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 Appendices 1 and 2 of the report. Any completed resolutions and actions would be removed after the meeting.

It was noted that at the end of February 2022 50% of the SEND audit had been completed. It was reported that this audit was expected to be finalised by June 2022 and that a report would be brought to the June 2022 meeting.

It was noted that the three reports arising from the revisions to the Committee Terms of Reference would be built into the 2022/23 work programme.

**Resolved to note the outstanding resolutions and actions at Appendices 1 and 2 of the report.**

## 67/21      Internal Audit Progress Report

The Committee received a report of the Strategic Director of Corporate Resources on Internal Audit Progress Report. This report was presented by the Head of Internal Audit.

It was noted that planned progress was at 78.4%, slightly below the target of 81.4%. It was reported that 63% of audits had been completed and that a further 7% were ready to go into the review process.

It was noted that 20% of work was still in progress. It was reported that 9% of audits needed to be moved on and that input from management was required to complete these audits.

It was reported that three audits had been completed since the report was written and that the boundary defence audit had been issued in draft. It was noted that the leisure centres audit had been reviewed. It was reported that the Smart Parc and the Catering, Cash and Bank audits had been issued in final.

It was noted that there was now a target date of August 2022 for the Billing for Home Care audit assignment and that the Agency Spend recommendation had

been implemented.

With regard to Covid Business Grants, it was reported that the Department for Business, Energy and Industrial Strategy (BEIS) had not identified any substantive issues and that no further action was required for the three Covid-19 grant funds.

A councillor commented that the lack of engagement with audits from some teams was concerning. The Head of Internal Audit commented that workshops carried out by Internal Audit had been successful in changing perspectives on Internal Audit. The Chair suggested that they, along with the Strategic Director of Corporate Resources, would write to managers encouraging them to engage with Internal Audit's work.

The Head of Internal Audit agreed to look into whether all Council websites were protected from DDoS attacks.

**Resolved:**

- 1. to note the progress being made by Internal Audit on its work in 2021/22 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.**
- 4. That the Chair, along with the Strategic Director of Corporate Resources, would write to managers encouraging them to engage with Internal Audit's work.**

## **68/21 Internal Audit Annual Plan Quarter 1- 2022/23**

The Committee received a report of the Strategic Director of Corporate Resources on Internal Audit Annual Plan Quarter 1- 2022/23. This report was presented by the Head of Internal Audit.

The Head of Internal Audit commented that they thought that quarterly planning worked well for Derby City Council. It was noted that the Internal Audit Annual Plan took into account risk registers along with the Council Plan.

It was noted that an audit risk assessment was carried out to check for areas not on the risk register which needed to be looked at.

Members of the Committee were invited to contact the Head of Internal Audit with suggestions for the audit plan.

A councillor commented that there was an audit planned on insurance claims handling as it was being brought in house and asked for further information on this. It was noted that this would be launched later in 2022 and that a new Insurance Manager had been hired. It was reported that Internal Audit would work with the Council's Legal Service to provide assurances on the systems being implemented in this area.

A councillor questioned whether the Council was vulnerable to energy price increases and asked what was being done to mitigate any risks. It was reported that the Contract Management Project Group were looking into this. It was noted that Internal Audit could provide assurances on this issue later in 2022.

It was noted that the Head of Internal Audit was working with the Head of Strategy and Performance to create a fraud risk assessment for the Council.

The Strategic Director of Corporate Resources agreed to provide the Committee with a figure for loss of VAT through debt write offs.

**Resolved to approve the Internal Audit Plan for Quarter 1 of 2022/23 at Appendix 1.**

## **69/21      Accounting Policies 2021-22**

The Committee received a report of the Strategic Director of Corporate Resources on Accounting Policies 2021-22. This report was presented by the Group Accountant.

It was noted that there had been no changes to the Accounting Policies for 2021-22. It was reported that CIPFA may introduce a new policy around highways assets which may lead to a change CIPFA rules.

**Resolved:**

- 1. to approve the accounting policies to be used in completing the 2021/22 Statement of Accounts, as set out in Appendix 1**
- 2. to delegate to the Strategic Director of Corporate Resources, authority to make new accounting policies and amend existing policies, as may become necessary in the production of the accounts and during the external audit process, with any such changes being reported back to this committee.**

## **70/21      Contract Waivers for the period 1 October 2021 to 31 December 2021**

The Committee received a report of the Director of Legal, Procurement and Democratic Services on Contract Waivers for the period 1 October 2021 to 31 December 2021. This report was presented by the Head of Procurement and Contracting.

It was noted that the number of waivers had reduced due to working smarter. It was reported that there was only one Covid related waiver which was required for staffing for a testing center. It was noted that the majority of waivers were due to funding being issued with spend limit time scales.

It was noted that DragonGate consultants were working with the Council on Derby's Great British Railways pitch.

A councillor questioned why the Hydroelectric Power plant and equipment waiver had such an underspend. It was noted that reactive spend was estimated. It was reported that this contract had been extended at the current rate due to the underspend.

**Resolved to note the contents of the report and the quarterly comparison of the total number of waivers being reported.**

## 71/21 Internal Audit Charter

The Committee received a report of the Strategic Director of Corporate Resources on Internal Audit Charter. This report was presented by the Head of Internal Audit.

It was reported that this Charter was brought to each partner organisation's audit committee.

A councillor questioned whether councillors could meet with auditors prior to Audit and Governance Committee meetings. It was noted that this suggestion had been made before and that the Head of Legal Services had advised against it. The Strategic Director of Corporate Resources agreed to speak to the Monitoring Officer on this issue.

**Resolved to approve the Internal Audit Charter at Appendix 1.**

## 72/21 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 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.**

## 73/21 Risk Based Verification Policy from 1 April 2022

The Committee received a report of the Strategic Director of Corporate Resources on Risk Based Verification Policy from 1 April 2022. This report was presented by the Head of Revenues, Benefits & Exchequer Services.

The report highlighted how the Council used Risk Based Verification software to risk score new HB and CTS claims.

It was noted that it was a requirement of the DWP guidance that the Local Authority's Risk Based Verification Policy must be reviewed annually.

**Resolved to approve the Council's Risk Based Verification Policy from 1 April 2022.**

MINUTES END