

Time Commenced: 10.00am
Time Ended: 13.16pm
Adjourned: 12:29pm
Reconvened: 12:34pm

AUDIT AND GOVERNANCE COMMITTEE

5 October 2022

Present: Councillor West (Chair)
Councillors Care, Carr, Dhindsa, A Holmes and Jennings
Co-opted Member Philip Sunderland

In attendance: Councillor Lind
Richard Boneham – Head of Internal Audit
Simon Riley – Strategic Director of Corporate Resources
Martin Shipley – Group Auditor
Hannah McDonald – Group Auditor
Alex Hough – Head of Democracy
Emily Feenan – Director of Legal, Procurement and
Democratic Services
Olu Idowu - Head of Legal Services
Salleh Chowdhury – Insurance Manager
Hassan Rohimun – Ernst & Young

27/22 Apologies for Absence

Apologies for absence were received for Councillor Hezelgrave, Councillor Roulstone and Stuart Green.

28/22 Late Items

There were no late items.

29/22 Declarations of Interest

There were no declarations of interest.

30/22 Minutes of the meeting held on 27 July 2022

The minutes of the meeting held on 27 July 2022 were agreed as a correct record subject to an amendment on page 7, minute number 21/22 "March 2023" to "March 2022".

The Committee expressed their gratitude to the Council's Internal Audit Team

and Accounting Team for their work on the Council's Statement of Accounts 2020/21. The Committee expressed their disappointment that EY's work on the Statement of Accounts 2020/21 would not commence until January 2023.

31/22 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 Governance Committee resolved: to agree that a Resolution Tracking report be included in future agendas of the Audit and Governance 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.

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

32/22 Audit and Governance Committee – Updated Work Programme 2022-23

The Committee received a report of the Chair which provided details of the Audit and Governance Committee – Updated Work Programme 2022-23.

A councillor suggested that an item on the Combined East Midlands Authority should be added to the 'Other Activities not scheduled as yet' section of the Work Programme.

Resolved:

- 1. to agree the latest version of the work programme for the Committee attached in Appendix 1.**
- 2. to add Combined East Midlands Authority to the Other Activities not scheduled as yet section of the Work Programme.**

33/22 Annual Governance Statement 2021/22

The Committee received a report of the Strategic Director of Corporate Resources on the Annual Governance Statement 2021/22.

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 2021/22 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.

The Strategic Director of Corporate Resources apologised that the Annual Governance Statement had not been published in a more reader-friendly format and committed to doing this for the Annual Governance Statement 2022/23.

The Strategic Director of Corporate Resources agreed to expand upon how the Council ensured that it was compliant through its information governance arrangements.

Resolved

- 1. to review and approve the Annual Governance Statement 2021/22 at Appendix 1, with minor amendments.**
- 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 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 the draft Annual Governance Statement is published on the Council’s website alongside an explanation of why the Statement of Accounts has not yet been published.**

34/22 Internal Audit Progress Report

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

It was noted that the progress report attached at Appendix 1 provided the Committee with an overview of the output from Internal Audit assurance work for the period from 1st July 2022 to 31st August 2022. It was reported 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.

It was noted that an internal audit plan 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.

It was noted that service directors were now sent the list of outstanding recommendations. It was reported that strategic directors were then provided with this list two weeks later, if recommendations were still outstanding.

A councillor commented that Neighbourhood Boards were not meeting in person. The Committee agreed to discuss this topic again at the November 2022 meeting.

The Head of Internal Audit agreed to discuss issues around MyAccount users with the IT auditor.

Resolved:

- 1. to note the progress being made by Internal Audit on its work in 2022/23 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. to invite the officers responsible for CCTV and Fixed Assets to attend the November Committee meeting.**

35/22 Internal Audit Plan 2022/23 - Quarter 3

The Committee received a report of the Strategic Director of Corporate Resources on Internal Audit Plan 2022/23 - Quarter 3. This report was presented by the Head of Internal Audit.

The Committee noted that the appendix to the report outlined those areas that the Head of Internal Audit had earmarked for audit review in Quarter 4 of the 2022/23 financial year, along with areas for potential audit in 2023/24. These were subject to change in light of new and emerging risks and issues.

It was noted that in producing the plan for Quarter 3 and indicative areas for Quarter 4, the Head of Internal Audit had:

- Reviewed internal audit's work in Quarters 1 and 2 to date.
- Revisited the Council's Risk Registers.
- Reviewed those areas highlighted in the previous Internal Audit Plan report as potential areas for audit work for quarters 3 and 4.
- Reviewed horizon scanning documents that highlighted some of the

challenges and opportunities faced by the public sector.

A councillor commented that it was surprising that cash handling had increased. It was noted that as a result of increases to the cost of living, the Council expected to see a continued rise in cash usage.

Resolved to consider and approve the Internal Audit Plan for Quarter 3 of 2022/23 at Appendix 1.

36/22 Internal Audit Report - SEND

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

It was noted that the Committee considered this issue at its meeting on 3rd November 2021, where it resolved that it would recommend that this was included in Internal Audit's quarter 4 SEND audit.

It was noted that the full internal audit report was attached at Appendix 1. It was reported that the audit had provided an overall assurance rating of "Limited". The key findings were:

- Low risk weaknesses in governance arrangements around SEND decision-making processes (framework in place)
- No overall alignment of EHCP and school transport arrangements
- Weaknesses in monitoring and management of SEND contract arrangements – Commissioning and SEND team liaison

It was noted that Internal Audit's opinion was that the direction of travel was improving. There was a lot of work being done around linkages between Education Health Care Plans (EHCP) and Home to School Transport, particularly around the sharing of a centralised record. It was noted that the audit also highlighted the benefits being generated by the input into the function by the SEND Manager.

A councillor asked how many late applications there had been for home school transport. The Strategic Director of Corporate Resources agreed to ask officers for this information.

It was noted that the Council was seeing 50-60 EHCP requests per month. A councillor commented that demand was expected to increase after the Covid-19 pandemic and that there didn't appear to be enough resources. It was noted that during the pandemic the Council had invested in capacity and in school transport. It was noted that a SEND Manager and further additional resources had been added to the EHCP Team 18 months previously.

The Committee thanked the Internal Audit and the EHCP Team for their work.

Resolved:

- 1. to receive and consider the findings of the internal audit report on SEND.**
- 2. to request that the minute extract on the consideration of the audit findings is sent to the Children and Young People Scrutiny Review Board.**
- 3. To recommend that SEND is audited again in autumn 2023.**

37/22 Forest for the Future

The Committee received a report of the Strategic Director of Corporate Resources on Forest for the Future.

The Committee noted that at the Audit and Governance Committee meeting on 15 June 2022 a resolution was passed to ask the relevant officers and decision-makers to attend the next meeting of the Committee to allow an opportunity for the decision-making process to be explored.

It was reported that at an Urgent Leader of the Council meeting on 30 May 2022 the following resolutions were passed:

- To approve the installation of an urban forest within the marketplace for a duration of 6 weeks.
- To approve the purchase of trees, shrubs and accompanying items along with services to construct, maintain and disassemble the forest at a cost of £163,000.
- To delegate authority to Director of Public Protection and Streetpride to manage the operational decision making of the project.
- To approve the use of the Derby Market Place reserve to fund approx. £50,000 to additional costs to support the project.

The Committee noted that the Forest for the Future opened on 2 July 2022. It was reported that the forest was made up of 150 trees and was designed to create a dialogue about climate change.

A councillor questioned whether the Climate Change Capital Budget was an appropriate source of funds for this project. The Strategic Director of Corporate Resources confirmed that they had considered the eligibility of Capital Funds for this project. The Strategic Director of Corporate Resources informed the Committee that they were satisfied that that this was a suitable source of funds for this project.

A councillor questioned whether this project should have been considered as a key decision. The Director of Legal, Procurement and Democratic Services confirmed that this project did not meet the monetary threshold required to be considered as a key decision. It was also noted that the Monitoring Officer believed that this project did not have a significant impact upon two or more wards in the city.

A councillor asked why this decision was taken at an Urgent Leader of the Council Meeting. It was noted that the Monitoring Officer believed that the public interest in taking this decision at an Urgent Leader of the Council Meeting outweighed the public interest in complying with the access to information regulations.

A councillor questioned why a waiver was required for this project. It was noted that the financial cost of this project was above the Council's internal threshold. It was reported that lessons had been learned from this project which would help to avoid waivers of this nature in the future.

A councillor asked where the trees from this project were now and what the climate and economic benefits to the city were from this project. A councillor asked what the lifespan of these trees would be and whether any had been lost. A councillor asked what the storage and transport costs were for these trees. The Strategic Director of Corporate Resources agreed to ask officers to provide the Committee with this information.

Resolved to note the report.

38/22 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.

39/22 Adequacy and Level of Derby City Council's Insurance Arrangements

The Committee received an exempt report of the Strategic Director of Corporate Resources on Adequacy and Level of Derby City Council's Insurance Arrangements.

Resolved to note the report.

MINUTES END