

Time Commenced: 10.00am
Time Ended: 12.40pm

AUDIT AND GOVERNANCE COMMITTEE
26 January 2022

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

In attendance: Richard Boneham – Head of Internal Audit
Simon Riley – Strategic Director of Corporate Resources
and S151 Officer
Hassan Rohimun – Ernst and Young
Sam Dennis – Director of Public Protection and Streetpride
Nigel Brien – Head of Traffic and Transport
Dave Dowbenko – Group Manager
Sarah Walker – Head of Strategy and Performance
Andy Brammall – Director of Digital Services
Martin Shipley – Group Auditor
Hannah McDonald – Group Auditor

48/21 Apologies for Absence

Apologies for absence were received for Councillors Bettany and Willoughby.

49/21 Late Items

There were no late items.

50/21 Declarations of Interest

There were no declarations of interest.

**51/21 Minutes of the meeting held on 29 September
2021**

The minutes of the meeting held on 3 November 2021 were agreed as a correct record.

In respect of minute no 43/21 – Ernst and Young ISA 260 Audit Letter for the Year ending 31 March 2021, Members of the Committee asked about when the audit would be completed. It was reported that there were still some questions to

be answered before the audit could be completed. It was noted that there was regular dialogue between Ernst Young and the officers and that it was hoped that the audit could be completed very soon.

52/21 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.

A Member of the Committee asked why the Head of Internal Audit was still writing the Anti-Fraud and Corruption Strategy, Anti- Money Laundering Policy and Procedure and Anti-Bribery Policy and Procedure.

It was reported that Internal Audit was part of the assurance framework supporting the S151 Officer and the Head of Internal Audit formed an important part of a group writing the policies rather than being the sole author.

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

53/21 Risk Management – Assurance Update

The Committee received a report which stated that risk was an inevitable part of service delivery for all organisations. A robust and embedded risk management framework aided effective and informed decision-making, by identifying and managing risks.

It was essential that for significant organisational risks, or strategic risks, that we understand the effectiveness of our controls in the desired treatment of the risk – how assured were we that risks were accurately identified, in a timely way, and were being well-managed?

The purpose of the report was to provide the Audit and Governance Committee with an overview of the on-going implementation of our risk management framework, to develop Derby's risk culture, alongside presenting the Committee with a mid-year review of assurance activities relating to our strategic risks.

It should be noted that no strategic risks had been identified for a Risk Surgery,

as adequate assurance was judged to be in place for all risks currently on the register.

A Member of the Committee asked if the review of risk champions meant the role would be removed and if 'deep dives' were different to 'risk surgeries'. It was reported that the role of risk champion was not being removed, in fact there would be more risk champions. The Corporate Risk Management Group was looking at its terms of reference and raising the profile of risk champions. A deep dive was a step before a risk surgery. If assurances were insufficient at the deep dive step, then a risk surgery would be recommended to the Audit and Governance Committee

A Member of the Committee asked about training. It was reported that a training session was being held this week with the Cabinet, covering a general risk management overview, alongside a more focussed review of risk appetite. There had been a training session scheduled in March, which was aimed at risk owners and project managers. In the next financial year there would be training scheduled for the committee and others. Consideration was being given to diversifying training, into bite size sessions to make it more accessible.

A Member of the Committee asked about controls in relation to SR28/P-R22. It was noted that additional assurances on risk controls was being sought through a local review in readiness for a statutory inspection.

It was reported that risk SR27/P-R20 was a city wide strategic risk, which partners were working together to mitigate, supporting Derby's children and young people to achieve successful outcomes.

A Member of the Committee asked about how risks were assessed. It was reported that there were a number of mechanisms used including targeted risk discussions with a number of people present, ensuring appropriate analysis of the risk. Some risks were then considered by the Corporate Risk Management Group where there was a breadth of people present to further challenge the risk definition and score. If assurances were not sufficient then they would be escalated to Strategic Leadership Team or to the Committee.

The Chair asked about the responses to the risk appetite survey circulated to inform the development of risk appetite statements. It was reported that the responses from Directors and Heads of Service had been positive, with between two thirds and three quarters of those asked, providing responses. All Cabinet had responded and four fifths of other Councillors.

A Member of the Committee asked if there was a risk of services dropping below an acceptable standard. It was reported that risk management was a tool in the armour to address risks. Controls and mitigation were reviewed regularly but risks could not be eliminated.

It was reported that the assurance framework was underpinned by lessons learnt from projects such as the A52 and there was now much better assurance across the organisation.

Resolved

- 1. To note the assurance assessments for each stage of Derby's risk management processes, presented in Appendix 1 of the report, alongside the opportunities for improvements that would be progressed throughout 2022.**
- 2. To note the overview of our strategic risk register, including assurance activities planned or completed, presented in Appendix 2 of the report.**

54/21 Committee Terms of Reference

The Committee received a report which provided details of the changes to the Committee's Terms of Reference proposed by the Committee's Terms of Reference Working Group.

It was suggested that the first bullet in paragraph 4.4 of the report (To consider the exercise of officers' statutory responsibilities and of functions delegated to officers) be added to the Committee's terms of reference.

Resolved

- 1. To approve the revised Audit and Governance Committee Terms of Reference attached at Appendix 1 to the report subject to the addition of bullet 1 of paragraph 4.4 of the report 'To consider the exercise of officers' statutory responsibilities and of functions delegated to officers.'**
- 2. To recommend Council to approve the revised Audit and Governance Committee Terms of Reference.**
- 3. To agree to the request of the Working Group that the three additional reports detailed in paragraph 4.7 are included in future Committee Work Programmes.**

55/21 Audit and Governance Committee – Self Assessment of Effectiveness 2021/22

The Committee received a report which stated that a well-functioning Audit

Committee was regarded as key to helping its organisation to achieve good corporate governance.

The Audit and Governance Committee should regularly assess its own performance – and the adequacy of its terms of reference, work plans, forums of discussion and communication – with a view to highlighting skills and/or knowledge gaps and identifying areas in which the committee and its processes might be more effective.

Resolved to request Members of the Committee to each complete the self-assessment questionnaire. (Appendix 1 of the report)

56/21 Quarter 4 Plan Update

The Committee received a report which provided the Committee with details of changes made to the Quarter 4 plan that was presented at the meeting on 3 November 2021.

Resolved to endorse the changes to the Quarter 4 plan detailed in paragraphs 4.2 and 4.3 of the report.

57/21 Internal Audit Progress Report

The Committee received a report which provided the Committee with an overview of the output from Internal Audit assurance work for the period from 1 October 2021 to 31 December 2021.

A Member of the Committee asked about the position with the Aida Bliss project and S106 monies. The Head of Internal Audit reported that he did not have the information to hand but would come back to the Members of the Committee with the details.

In respect of the Aida Bliss project, it was reported that the Assurance Team was helping Strategic Housing to strengthen the terms of reference for the project and updates were being fed into the Programme Management Office (PMO) Board where assurances were sought at the gateway stages.

Sam Dennis – Director of Public Protection and Streetpride attended the meeting to give an account of the risks relating to CCTV - access control. She reported that the recommendations predated her employment at the Council but that all the recommendations had been accepted. The review had been commenced by the previous Head of Service who had since left the Council, the new Head of Service was now in post and was being supported by Doug Walkman. A review had been undertaken and a report was being prepared to respond to the audit recommendations. The Infrastructure Board provided governance and an officer working group had been set up to oversee progress.

Nigel Brien – Head of Traffic and Transport attended the meeting to give an account of position with the Bus Station - process and procedures. He reported the bus station had been closed due to covid, then it reopened and had gone through waves of being open and closed over the last two years. A refurbishment of the bus station was being undertaken which would address the issues raised but this had been delayed and was scheduled to be completed in the summer of 2023. The refurbishment would address most of the recommendations. The toilets were not currently being charged for and a new system would be incorporated in the refurbishment, which would remove the need for the use of cash. A process had been put in place for ticket sales. There were no issues with departure charges but there was an issue around coach operators and how the standard charge was triggered. Staff were not always able to deal with coaches, due to undertaking other duties at the point the coaches came into the bus station. The national bus strategy was being launched in April 2022 and a process had been put in place relating to keys.

A Member of the Committee asked if CCTV could be used to monitor coach use of the bus station. It was reported that the CCTV did not have total coverage of the coach bays. The CCTV mainly covered the customer area of the bus station. An upgrade of the CCTV during the refurbishment would address this issue.

A Member of the Committee asked if any lessons could be learnt from this, in the way problems were identified and solution proposed. It was reported that the upgrade was at the bidding stage when the audit was carried out and it had been unfortunate that changes had not been able to be actioned. They would have been done in 2020 but were delayed due to covid.

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 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.**

58/21 Draft Counter Fraud, Bribery and Corruption Policy and Framework Document

The Committee received a report which stated that the public were entitled to expect that the City Council conducts its affairs with integrity, honesty and openness, and to demand the highest standards of conduct from those working for it. The Council's Counter Fraud, Bribery and Corruption Policy and

Framework document formed part of our governance arrangements. It outlined the City Council's commitment to creating a Counter fraud culture and maintaining high ethical standards in its administration of public funds.

The Council must demonstrate that it was committed to making sure that the opportunity for fraud and corruption was reduced and where there was the possibility of fraud, bribery, corruption and other financial irregularities, it would be dealt with in a firm and controlled manner.

The Audit and Governance Committee should have oversight of the Council's counter fraud framework and should assess whether it meets recommended practice and governance standards and complies with legislation such as the Bribery Act 2010. The report asked the Committee to review the Council's overall framework for countering fraud bribery and corruption as presented in the Policy and Framework document.

Members of the Committee made various suggestions for slight changes to wording in the document. Officers agreed to consider the changes suggested.

Resolved:

- 1. To note the Counter Fraud, Bribery and Corruption Policy and Framework document.**
- 2. To approve the Counter Fraud, Bribery and Corruption Policy and Framework document because the Committee was satisfied that the document supported the Council's governance arrangements around the risk of fraud.**

59/21 Draft Local Code of Corporate Governance

The Committee received a report which stated all local authorities were required to maintain a Local Code of Corporate Governance (the Local Code). The purpose of the Local Code was to set out the Council's commitment to the principles of good governance as set out in "Delivering Good Governance in Local Government Framework 2016", published by the Chartered Institute of Public Finance and Accountancy (CIPFA) in association with the Society of Local Authority Chief Executives (SOLACE).

The report provided Members with the opportunity to review, comment and endorse the Council's revised Local Code, as set out in Appendix 1 of the report.

A Member of the Committee suggested that the public needed to be included in how we want to work in the future and that reporting back from partnerships should also be included.

The Chair suggested that the document could be endorsed for where we are now but next year to look to include the suggestions made.

Resolved to approve the draft Local Code of Corporate Governance, as set out in Appendix 1 of the report as a final document.

60/21 Exclusion of the 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.

61/21 Information Governance Update

The Committee considered a report which provided an update to the Committee regarding the Council's statutory compliance with Information Governance Laws for the reporting period of April 2021 to December 2021.

The report highlighted key areas of information risk, provided the Committee with oversight as to what vulnerabilities existed and what priority measures were in place.

The report also demonstrated the volume of demand on the Council's Information Governance (IG) Team, and the Council as a whole.

Resolved to note the report and to request an annual report is presented to the June meeting of the Audit and Governance Committee.

MINUTES END