

PUBLIC

MINUTES of a meeting of the **AUDIT COMMITTEE** held on Tuesday, 3 December 2024 in Committee Room 1, County Hall, Matlock.

PRESENT

Councillor G Musson (in the Chair)

Councillors N Atkin, R Mihaly and P Rose.

D King and R Marchington – independent members.

Apologies for absence were submitted for Councillors R Parkinson and J Nelson.

Officers present: E Houlston, B Jordan, T Kearsey, M Kenyon, J Lakin and M Lunn.

34/24 CHAIRMAN'S ANNOUNCEMENTS

The Chairman welcomed Ruth Marchington and David King to their first meeting of the Committee following their recent appointment as co-opted independent members to the Audit Committee.

35/24 TO RECEIVE DECLARATIONS OF INTEREST (IF ANY)

Councillor N Atkin declared an interest in item 4 on the agenda, Adult Social Care & Health Risk Management Review (minute number 36/24 refers) as the Cabinet Support member for Adult Care. He advised that he would leave the room during consideration of this item.

36/24 TO CONFIRM THE MINUTES OF THE MEETING HELD ON 17 SEPTEMBER 2024

The minutes of the meeting held on 17 September 2024 were confirmed as a correct record.

37/24 ADULT SOCIAL CARE & HEALTH RISK MANAGEMENT REVIEW

(Councillor N Atkin left the room during consideration of this item having declared an interest as the Cabinet Support member for Adult Care.)

The Chairman welcomed Simon Stevens, Executive Director – Adult Social Care & Health and Ellie Houlston, Director of Public Health. The purpose of their attendance was to provide the Committee with an overview of risk management within the Adult Social Care & Health (ASCH) department.

ASCH owned one risk on the current strategic risk register which was listed below. Full details, updated to 2024-25 Quarter 2 were provided in Appendix 2 to the report.

- Safeguarding of adults at risk

There was also a specific risk on the ASCH departmental risk register which captured the responsibilities of the Director of Public Health:

- Inability to meet Director of Public Health's statutory responsibility to protect the population.

An abridged version of the full ASCH risk register was provided at Appendix 3 to the report.

The Chairman thanked Simon Stevens and Ellie Houston for their attendance and informative discussion.

RESOLVED that the Committee notes the information provided in the paper.

38/24 PRE-AUDIT STATEMENT OF ACCOUNTS 2023-24

The Committee was presented with the pre-audit Statement of Accounts 2023-24. The Council had published the certified pre-audit accounts later than the 31 May 2024 deadline, on 4 October 2024. A copy of the pre-audit Statement of Accounts was appended to the report at Appendix 2.

The public inspection period had commenced on 7 October 2024 and had concluded on 15 November 2024.

Mark Kenyon, Director of Finance, went through the detail of the pre-audited accounts with the Members and responded to their questions and points that required clarification. Members were recommended to refer to the narrative report contained in the Accounts as this provided an ideal summary and overview.

The Council's external audit had begun on 7 October 2024 and the Pension Fund audit had commenced on 1 July 2024. The final audited Statement of Accounts would be published as soon as the audit had formally concluded and the external opinions issued.

RESOLVED that the Committee notes the pre-audit Statement of Accounts 2023-24, prior to approval of the post-audit accounts at an

Audit Committee meeting later in the financial year (which has yet to be scheduled).

39/24 **PERFORMANCE MONITORING AND BUDGET**
MONITORING/FORECAST OUTTURN 2024-25 AS AT QUARTER 2
(30 SEPTEMBER 2024)

The Committee was provided with details of the Council Plan performance and the Revenue Budget/forecast outturn for 2024-25 as at 30 September 2024 (Quarter 2).

The recommendations in the report were subject to approval by Cabinet on 5 December 2024.

As at Quarter 2, the Council was forecasting a net overspend of £28.104m (£20.163m at Quarter 1) against the approved Revenue Budget for 2024-25. Savings delivery was on track in most areas but continuing demand and cost pressures in Adult's and Children Social Care services were resulting in forecast expenditure being significantly in excess of budget.

RESOLVED that subject to the approval of Cabinet of these recommendations at its meeting on 5 December 2024, the Audit Committee:

- a) Notes the update of Council Plan performance, progress with the delivery of savings, and the Revenue Budget position/forecast outturn for 2024-25 at at 30 September 2024 (Quarter 2);
- b) Notes the position on Reserves;
- c) Notes the significant actions set out in the report, which will be undertaken across the Council and are required to reduce the significant revenue overspend detailed in the report, and to ensure the delivery of planned savings; and
- d) Notes the adjustments in respect of historic invoices as detailed in the report.

40/24 **STATEMENT OF ACCOUNTS 2023-24 - ASSESSMENT OF GOING**
CONCERN STATUS

The main factors which underpinned a going concern assessment were the:

- Council's current financial position.

- Council's projected financial position.
- Council's governance arrangements.
- Regulatory and control environment applicable to the Council as a local authority.

Each of these factors was considered in more detail and Mark Kenyon, Director of Finance, provided the Committee with a thorough update.

The degree of uncertainty over the adequacy of medium-term funding could be related to the following issues in particular:

- The increasing likelihood of councils issuing Section 11 notices.
- The continuing increase in pressures.
- The need to maintain a significant and risk assessed level of reserves over the medium term.
- The increasing difficulty in making significant and sustainable budget savings.

Having regard to the Council's arrangements and such factors as highlighted in the report, the Director of Finance, as Section 151 Officer, had concluded that Derbyshire County Council remained a going concern and that it was appropriate that the Council's Statement of Accounts for 2023-24 had been prepared on that basis.

RESOLVED that the Committee notes the formal assessment of the Council's status as a 'going concern' and the conclusion that it is an appropriate basis for preparing the Council's Statement of Accounts 2023-24.

41/24 PREPARATION OF BUDGET 2025-26

Members were provided with an update on the proposed timetable for the Council's 2025-26 budget preparation and procedures and the associated consultation arrangements and pre-budget engagement activities. The recommendations in the report were subject to approval by Cabinet on 5 December 2024. The proposed timetable was attached at Appendix 2 to the report.

RESOLVED that the Committee, subject to the approval of Cabinet of these recommendations on 5 December 2024:

- a) Notes the timetable for completion of the 2025-26 budget, including arrangements for consultation with stakeholders and the carrying out of an assessment of the need for a full equality impact assessment on budget saving proposals;

- b) Notes the commencement of annual pre-budget engagement activities including the Your Council, Your Voice Survey;
- c) Notes the proposals for reviewing and updating the Five Year Financial Plan; and
- d) Notes the arrangements for reviewing Earmarked Reserves and updating the General Reserve projections.

42/24 TREASURY MANAGEMENT ANNUAL REPORT 2023-24

Members were provided with details of Treasury Management activities during 2023-24 and to indicate the Council's compliance with the prudential indicators set by Council at its meeting on 15 February 2023, in accordance with the Chartered Institute of Public Finance and Accountancy's "*Treasury Management in the Public Services: Code of Practice 2021 Edition*" (the CIPFA Code).

RESOLVED that the Committee notes the report on Treasury Management activities during 2023-24 and the Council's compliance with the prudential indicators set by Council at its meeting on 15 February 2023, in accordance with the CIPFA Code.

43/24 ANTI-MONEY LAUNDERING POLICY

The Council's Anti-Money Laundering Policy had most recently been updated and approved by Committee at its meeting on 19 March 2024. Following a further review of the of the Council's Policy in November 2024, the following minor changes were required:

- Updates to reflect a change to the Money Laundering Reporting Officer ('MLRO') Mark Kenyon's job title, from Director of Finance & ICT to Director of Finance.
- Updates to include in the Policy introduction a clear explanation of what money laundering is, the potential relevance to employees' roles and some potential risk areas and warning signs. This was supplementary to information already provided later in the Policy.

The Council's Policy was attached at Appendix 2 to the report.

RESOLVED that the Committee notes that a review of the Anti-Money Laundering Policy has taken place and approves the amended Policy at Appendix 2 to the report.

44/24 TO CONSIDER THE REPORTS OF THE EXTERNAL AUDITOR

Alastair Newall and Bethan Frudd from Forvis Mazars, attended the meeting to present the Audit Completion Report for Derbyshire Pension

Fund for the year ended 31 March 2024 and to update Members on the progress with the County Council's accounts for the year ending 31 March 2024. They were aiming to have completed the audit of the Council's accounts before the backstop date of 28 February 2025.

The Chairman thanked Alistair Newhall and Bethan Frudd for their attendance and updates.

RESOLVED to note the reports of the external auditor.

45/24 **INTERNAL AUDIT CHARTER - DECEMBER 2024**

As a result of the feedback from the External Quality Assessment (EQA) review, which was reported to the Committee on 30 January 2024 and the need to adapt a more agile and data driven service, a significant rewrite of the Charter had been undertaken to:

- Eliminate unnecessary complexity and make the Charter more accessible and easier to understand.
- Provide clear accountability on the responsibilities of key officers including the Chief Audit Executive and Senior Management, together with the role of the Audit Committee.
- Outline the new Internal Audit quality assurance framework that will deliver the agile and data driven service, which would ensure the Unit consistently aligned to current best practice.
- Implement a new 'Audit Working Protocol' to assist in the delivery of a high-quality Internal Audit service that maintained the confidence of Executive Management and the Council's Audit Committee.

RESOLVED:

That the Committee:

- a) Notes and endorses the revised Internal Audit Charter; and
- b) Recommends to Cabinet the approval of the Charter as Council policy.

46/24 **INTERNAL AUDIT PROGRESS REPORT - 31 OCTOBER 2024**

A report was presented informing Members of the progress against the approved Internal Audit Plan for 2024-25 as at October 2024.

In common with previous years, some work forming part of last year's approved Internal Audit Plan (2023-24) had been completed and

reported in the current financial year (2024-25). Audit staff routinely followed up progress against agreed recommendations as part of subsequent work, in the area under review.

An analysis of the progress with the Unit's Performance Indicators were also included in the report.

RESOLVED that the Committee note the performance of Internal Audit during this period.

47/24 **EXCLUSION OF THE PUBLIC**

To move that under Section 100(a)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following item of business on the grounds that in view of the nature of the business, that if members of the public were present exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 would be disclosed to them and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

48/24 **INTERNAL AUDIT REPORT NO & LIMITED ASSURANCE - 31 OCTOBER 2024**

A not for publication report was received informing Members of the 2024-25 Audit reviews which had been issued with a 'No' or 'Limited' assurance opinion to provide transparency to the Committee on the particular control weaknesses that had been identified and were driving the opinion.

Members were keen to follow up on one or two of the recommendations to see how the process worked and highlighted a couple of reviews that could be followed through by the Committee.

RESOLVED that the Committee note the reviews where either a 'No' or 'Limited; assurance opinion had been reported.

The meeting finished at 4.49 pm