

PUBLIC

MINUTES of a meeting of **AUDIT COMMITTEE** held on Tuesday, 20 September 2022 in the Council Chamber, County Hall, Matlock.

PRESENT

Councillor G Musson (in the Chair)

Councillors N Atkin, N Gourlay, R Mihaly, J Nelson and R Redfern (substitute for R Parkinson).

Apologies for absence were submitted for Councillor R Parkinson.

Officers present: Helen Jones (Executive Director - Adult Social Care and Health) and Ellie Houlston (Director of Public Health).

34/22 TO RECEIVE DECLARATIONS OF INTEREST (IF ANY)

There were no declarations of interest.

35/22 TO CONFIRM THE MINUTES OF THE MEETING HELD ON 5 AUGUST 2022

The minutes of the meeting held on 5 August 2022 were confirmed as a correct record.

36/22 PERFORMANCE MONITORING AND REVENUE OUTTURN 2021-22

(Members of the committee had experienced difficulties in accessing this report and felt that they had not had sufficient time to consider all the detail and information it contained and were therefore unable to approve the recommendations. It was agreed that the report be re-submitted to the next meeting of the committee to seek formal approval).

The report provided Members with an update on Council Plan performance and set out the Council's final revenue outturn position for 2021-22, identified significant variations from the final net budget and noted commitments that had already been agreed against the underspend, together with further use of underspends that had been approved by Cabinet. The report also identified the impact of the 2021-22 outturn on future years and agreed actions, and set out the Council's Earmarked Reserves position.

37/22 FINANCIAL MANAGEMENT CODE

(Members of the committee had experienced difficulties in accessing this report and felt that they had not had sufficient time to consider all the detail and information it contained and were therefore unable to approve the recommendations. It was agreed that the report be re-submitted to the next meeting of the committee to seek formal approval).

The Director of Finance & ICT reported that actions had been taken to address the areas where there was a need for improvement which were reported to the committee on 8 December 2020 and 21 September 2021, which reinforced the Council's strong financial management.

Officers from the Council's Finance Division had reviewed the requirements of the Code in recent months to ensure that the Council was still compliant with the Code. The review had confirmed that the Council still had robust financial management practices and processes.

38/22 AUDIT PROGRESS REPORT

Members had approved the Audit Services Plan for 2022-23 at the meeting of the Committee held on 22 March 2022 and a report was presented informing Members of the progress against the Plan as at 31 July 2022.

It was positive to be able to report that whilst the impact of the Covid-19 pandemic had affected working arrangements across the Council, the start of 2022-23 had seen an increase in the number of staff returning to offices with more face-to-face and hybrid meetings taking place. Audit Services had been able to undertake more aspects of reviews in-person with site visits and school audits able to resume. This, together with the more stable Audit staffing structure had enabled an improvement in the shortfall in productive days delivered.

With the exception of maternity leave, the unit was scheduled to be fully staffed with a new Principal Auditor starting on 25 April 2022, although the following staffing changes have occurred since this point:

- At the risk of losing an experienced Principal Auditor from the Council, a formal request for the officer to reduce their working week from five days to three days had been agreed.
- A Senior Auditor intended to leave and take up a new position with another local authority.
- The Audit apprentice had successfully completed their Internal Audit Practitioner apprenticeship and had taken up their new role

as an Auditor at the beginning of September.

Following the recent cyber incident, audit staff had been working with ICT colleagues regarding the enhanced control framework being implemented to reduce the opportunity for future system compromise, a retrospective review of lessons learnt was due to be completed. However, there remained significant work to be undertaken to ensure that the Council had a clear strategy to deal with future incidents of this nature and a corporate lessons learnt project to be completed. A cyber security working group had yet to be formed and this had recently been escalated with the Director of Finance & ICT to ensure action was taken. It was suggested that colleagues from ICT be invited to a future meeting to provide the committee with assurances following a review of their departmental risk register.

Members were again concerned that audit recommendations were not being acted upon following an audit review. It was suggested that a small working group could be established to consider how the recommendations were formed and how they could be implemented.

RESOLVED:

That the Committee notes the performance of the Audit Services Unit during this period.

39/22 AUDIT CHARTER UPDATE

Since the implementation of the Public Sector Audit Standards (PSIAS), the Council was required to formally approve an Audit Charter. The existing Audit Charter had been considered at a meeting of this Committee in September 2019 before being presented to Cabinet in January 2020 for approval. The Charter had been reviewed and the revised version was attached at Appendix 2 to the report.

The following minor amendments had been made to the Charter:

- Changed cover to reflect the appointment of the new Assistant Director of Finance (Audit).
- Updated the dates of the latest Local Government Application Note (LGAN).
- Reference was now made to the Managing Director as well as Executive Directors; and
- Updated title for the Whistleblowing Policy.

RESOLVED:

That the Committee note the content of the revised Audit Charter and recommend to Cabinet its approval as Council Policy.

40/22 NATIONAL FRAUD INITIATIVE

The Council had received the Cabinet Office's formal request to participate in the National Fraud Initiative (NFI) 2022-23. The required data had to be extracted from the Council's systems as at 30 September 2022 and submitted between 7 October and 18 November 2022 via the Cabinet Office's secure web portal.

The Council was required to submit the following datasets for the 2022-23 exercise:

- Payroll;
- Pensions;
- Deferred pensions;
- Creditors' history;
- Creditor standing;
- Blue Badge parking permit; and
- Concessionary Travel Pass.

RESOLVED:

That the Committee notes the Council's participation in the NFI 2022-23 exercise.

41/22 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.

42/22 TO RECEIVE DECLARATIONS OF INTEREST (IF ANY)

There were no declarations of interest.

43/22 OVERVIEW OF ADULT SOCIAL CARE & HEALTH RISKS

RESOLVED:

That the Committee notes the recommendation in the not for publication report.

44/22 CIPFA AUDIT COMMITTEE UPDATE

RESOLVED:

That the Committee notes the recommendation in the not for publication report..

45/22 COUNTER FRAUD UPDATE

RESOLVED:

That the Committee notes the recommendation in the not for publication report.

The meeting finished at 3.47 pm