

PUBLIC

MINUTES of a meeting of the **AUDIT COMMITTEE** held on Tuesday, 31 January 2023 in the Council Chamber, County Hall, Matlock.

PRESENT

Councillor G Musson (in the Chair)

Councillors R Parkinson, N Atkin, N Gourlay, R Mihaly and J Nelson.

Officers present: D Ashcroft, P Davis, D Downs, J Lakin and P Stone (representing Derbyshire County Council) and M Nolan (representing Mazars) .

1/23 TO RECEIVE DECLARATIONS OF INTEREST (IF ANY)

There were no declarations of interest.

2/23 TO CONFIRM THE MINUTES OF THE MEETING HELD ON 29 NOVEMBER 2022

The minutes of the meeting held on 29 November 2022 were confirmed as a correct record.

3/23 PERFORMANCE MONITORING AND BUDGET MONITORING/FORECAST OUTTURN

Members were provided with an update of the Council Plan performance and Revenue Budget/forecast outturn for 2022-23, as at 30 September 2022 (Quarter 2).

The Performance Summary set out the progress the Council was making on delivering the Council Plan with a focus on the achievement of the Council Plan priorities. The Revenue Budget Position and Financial Summary provided an overview of the Council's overall budget position and forecast outturn.

A summary of each of the individual portfolio performance and outturn positions for 2022-23 was detailed in Appendices 4 to 11 of the report.

One particular area of concern for the Committee was the continued delay to the work to review how the Council delivered home to school transport for children with special education needs and the reasons behind these delays.

The final 2022-23 basic salary pay offer was equivalent to an average

pay increase of 7.3% across the Council's workforce. Initial modelling had suggested that the cost to the Council of the basic pay offer was around £19.866m in 2022-23. The forecast additional 2022-23 budget pressure arising from the agreed 2021-22 pay award and the proposed 2022-23 pay award for basic pay was £21.762m. This would be an ongoing budget pressure in each subsequent year. The Council was lobbying the Department for Levelling Up, Housing and Communities, to reinforce the unaffordability in the medium term of the proposed local government 2022-23 pay award and general inflation on budgets.

RESOLVED:

That the Audit Committee notes:

- a) The update of Council Plan performance and the Revenue Budget position/forecast outturn for 2022-23 as at 30 September 2022 (Quarter 2); and
- b) The position on General and Earmarked Reserves.

4/23

**TO CONSIDER THE REPORT OF THE EXTERNAL AUDITOR ON
AUDIT PROGRESS**

Mike Nolan from Mazars attended the meeting to provide the Committee with an update on progress.

The audit of the 2021-22 financial statements was virtually complete and Mazars were working with management to clear the small number of remaining queries.

CIPFA had now issued their guidance in relation to infrastructure assets, which were a material balance in the Council's financial statements. This was a national accounting issue which had previously been highlighted by Mazars. The Council's finance team was currently reviewing the updated guidance and updating the financial statements.

The formal Audit Strategy Memoranda for both audits will be presented to the next meeting of the Committee.

The Chairman thanked Mr Nolan for his attendance and progress report.

RESOLVED:

That the Audit Committee notes the report of the External Auditor.

5/23

CAPITAL BUDGET MONITORING AND FORECAST AS AT

QUARTER 2 2022-23

The Committee was informed of the latest Capital budget monitoring position as at 30 September 2022. The report included Cabinet approved schemes that had been active during this financial year, including schemes closed in year. The schemes had been approved over several previous years in addition to the current year.

The 2022-23 capital programme was £101.896m, approved adjustments to this figure had reduced it to £94.595m. The budget for schemes being monitored this year totalled £614.106m, of these, £605.105m were currently open schemes. There was a forecast underspend of £7.937m over the life of these projects and details were provided in Appendix 2 to the report. Details of major schemes within each portfolio were presented and a summary of the ten largest current capital schemes, representing 46% of the current budget was set out in Appendix 3 to the report.

RESOLVED:

That the Audit Committee notes the current position on the monitoring of Capital schemes.

6/23

AUDIT SERVICES UNIT – PROGRESS AGAINST AUDIT PLAN 2022-23

Members were informed of the progress against the approved Audit Services Plan for 2022-23 as at 31 December 2022.

Overall, the Unit's progress against the approved plan was generally on track with reasonable coverage across the core financial systems and departmental projects.

Whilst it had been envisaged to start at the end of 2022, the ICT network operations review had commenced and preparations were underway to agree the scope of the on-site server infrastructure audit. However, the Assistant Director of Finance (Audit) informed the Committee that the Unit had been requested to defer their work due to staffing issues within the ICT department. Members expressed their concern at this further delay in what was considered to be a high-risk area. As a Committee, it was agreed that this needed to be taken further and it was suggested that a meeting be arranged with the Executive Director – Corporate Services & Transformation and Director of ICT to discuss the delays and the issues within the ICT section.

Since the last meeting of the Committee, the Assistant Director of

Finance (Audit) had tendered her resignation and would be leaving the Council on 24 February 2023. Measures had been put in place to help minimise the impact of this departure by ensuring the two Audit Managers were briefed on the service requirements over the coming months.

In line with all service areas across the Council, Audit staffing levels were currently being reviewed as part of the budget saving process. There was continual dialogue with the Interim Director of Finance & ICT to ensure that a robust audit service was maintained, to enable sufficient Audit work to be undertaken to allow the Unit to produce an annual audit opinion in line with the PSIAS.

At 31 December 2022, a total of 1,996 productive days had been delivered against the pro-rata target of 2,079 days (total planned days for 2022-23 was 2,772).

RESOLVED:

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

7/23

REGULATION OF INVESTIGATORY POWERS ACT (RIPA)

The Committee had last received a RIPA update in July 2022. This latest report covered the period from 1 July to 31 December 2022 and set out details of the applications that had been made.

One application had been made in this period in respect of access to communications data. This request was submitted by Trading Standards and was a follow up amendment to assist with a live investigation that they were leading around counterfeit tobacco operations.

Two non-RIPA requests had been received for authorisation in this period and related to two separate internal investigations that had required access to Derbyshire County Council e-mail accounts to establish facts.

No applications had been received in this period in relation to directed surveillance.

The revised Codes of Practice of RIPA legislation had now been released by the UK Government Home Office and had been published on the Home Office webpages on 13 December 2022. Work had now started to update the Council Policy and guidance about RIPA to reflect

these recent changes. Once the internal consultation had been completed, the final draft would then be brought to a subsequent Audit Committee for consideration. This would be followed by training for appropriate officers, and further awareness work to remind officers about RIPA.

RESOLVED:

That the Audit Committee notes that:

- a) In the period 1 July 2022 to 31 December 2022 one application relating to communications data was made under the Council's powers relating to RIPA;
- b) Two requests for access to internal e-mails had been approved to support internal investigations: these fell outside the scope of RIPA but were assessed in the spirit of the guidance and in accordance with current Council policy;
- c) A review of the Council's RIPA Policy was in progress, following recent publication of revised Home Office guidance; and
- d) Training and awareness activity will be programmed following the RIPA Policy refresh.

8/23

MEETING DATES AND AGENDA ITEMS FOR 2023-24

The proposed dates for Audit Committee meetings and likely agenda items for Members' consideration and/or approval were set out in a schedule at Appendix 2 to the report. These items were based on the existing business of the Committee. Member training proposals and any additional reports arising would be added to this schedule.

RESOLVED:

That the Audit Committee agrees the proposed programme for 2023-24 and the meeting dates as follows:

- 20 June 2023
- 18 July 2023
- 19 September 2023
- 5 December 2023
- 30 January 2024
- 19 March 2024

9/23

ASSISTANT DIRECTOR OF FINANCE (AUDIT)

As previously reported, this was to be Dianne Downs' last meeting of the Committee as she would be leaving the authority next month.

On behalf of the Committee, the Chairman wished to thank Mrs Downs for all her hard work and the contribution she had made, particularly to this Committee, during the short time she had been with the authority. The Chairman wished her all the very best for the future.

10/23 **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.

11/23 **TO RECEIVE DECLARATIONS OF INTEREST (IF ANY)**

There were no declarations of interest.

12/23 **TO CONFIRM THE EXEMPT MINUTES OF THE MEETING HELD ON 29 NOVEMBER 2022**

The exempt minutes of the meeting held on 29 November 2022 were confirmed as a correct record.

The meeting finished at 3.19 pm