

PUBLIC

MINUTES of a meeting of the **AUDIT COMMITTEE** held on Tuesday, 30 January 2024 at Committee Room 1, County Hall, Matlock.

PRESENT

Councillor R Parkinson (in the Chair)

Councillors N Atkin, R Mihaly, J Nelson, P Rose and A Sutton (substitute member).

Apologies for absence were submitted for Councillor G Musson.

Officers present: D Ashcroft, D Catlow, M Kenyon, M Lunn and K Zasada.

1/24 TO RECEIVE DECLARATIONS OF INTEREST (IF ANY)

There were no declarations of interest.

2/24 TO CONFIRM THE MINUTES OF THE MEETING HELD ON 5 DECEMBER 2023

The minutes of the meeting held on 5 December 2023 were confirmed as a correct record.

3/24 CAPITAL BUDGET MONITORING AND FORECAST AS AT QUARTER 2 2023-24

The 2023-24 capital programme was £313.436m and approved adjustments to this figure had increased it to £316.881m. The main reason for the increase was additional funding sources, including an additional grant of £4.213m for pothole works, however this was offset by some minor reductions in other funding. The budget for schemes being monitored this year totalled £719.283, and of these, £663.611m were currently open schemes. There was a forecast underspend of £13.638m over the life of these projects and details of each scheme was contained in Appendix 2 to the report. A list of major schemes for each department was presented.

The Director of Finance & ICT provided Members with clarification regarding the scheme of refurbishment of the Winter Gardens at County Hall, and an update on the settlement in relation to the waste treatment facility in Sinfin.

RESOLVED that the Committee notes the Quarter 2 position on the monitoring of Capital Schemes.

4/24

REVIEW OF ANNUAL GOVERNANCE STATEMENT RECOMMENDATIONS AND ACTION PLAN PROGRESS

The Council was required to produce an Annual Governance Statement as set out in the Accounts and Audit Regulations 2015. As detailed in the Council's Constitution, the Audit Committee was responsible for considering the Annual Governance Statement and monitoring any necessary actions.

Progress against the Annual Governance Statement Action Plan was monitored by the Governance Group. The implementation of the areas for improvement which had been identified in the Action Plan were subject to regular review and was attached at Appendix 2 to the report. The current position together with the further actions that were required to implement the improvements were summarised in the Appendix to the report.

RESOLVED that the Committee notes the progress against the Annual Governance Statement Action Plan.

5/24

AUDIT SERVICES PROGRESS REPORT 31 DECEMBER 2023

The Assistant Director of Finance (Audit) informed Members of the progress that had been made against the approved Audit Services Plan for 2023-24 as at 31 December 2023.

Following the Council's announcement on the budget pressures and the need to control its expenditure, including a freeze on recruitment, the Audit structure would remain at its current level for the immediate future.

The EQA of Audit Services was completed in mid-December 2023 by the Chartered Institute of Internal Auditors. The Assistant Director of Finance (Audit) was pleased to inform the Committee that the Final Report of their work had now been received and concluded that the Internal Audit Service conformed with most of the globally recognised principles and standards of quality in Internal Auditing. The report had also provided three recommendations to improve conformance with the standards which were being addressed and the Committee would see the completion of the recommendations through usual reporting to the Committee.

Whilst the actual days currently delivered of 1,588 was again below the expected target of 1,753 the reasons for the shortfall had remained consistent with those previously outlined, mainly staff vacancies. It was not considered that the available audit resource would restrict the

coverage of the Audit Plan at this point and steps had been taken to ensure effective use of audit days across quarter 4.

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

6/24 **COUNTER FRAUD UPDATE**

The Committee was provided with an update on the counter fraud activity that had been undertaken by Audit Services in recent months and progress against the 2023-24 objectives detailed within the Council's Anti-Fraud and Anti-Corruption Strategy.

The Strategy included within it sixteen objectives which were designed to strengthen the Council's counter fraud culture in the period 1 April 2023 to 31 March 2026, and a number of these objectives had a target implementation date of 31 March 2024.

The Committee was informed that fourteen objectives were to be completed in 2023-24; seven had already been implemented, work was ongoing on a further five and work had not yet commenced on the remaining two. It was however, expected that all objectives scheduled for completion in 2023-24 would be completed by 31 March 2024 as intended.

Work on the provision of Fraud Awareness Training was ongoing and would be boosted by the recent decision of the Governance Group to make this training mandatory for all new starters.

RESOLVED that the Committee notes the progress made in delivering the 2023-24 objectives within the Anti-Fraud and Anti-Corruption Strategy as detailed within Appendix 2 to the report.

7/24 **NATIONAL FRAUD INITIATIVE (NFI)**

Members were informed of the completion of the National Fraud Initiative (NFI) 2022-23 and the outcomes arising from the scrutiny of related data matches.

Through investigations by Audit Services and departmental service areas, a total of 69 instances had been identified where financial recovery or adjustment could be pursued. The final value of the 2022-23 exercise was £126,691 and was in the process of being recovered. A summary of the findings was provided.

The Cabinet Office had invoiced the Council for participation in the NFI

for 2022-23 and the cost was £3,705, in addition to the investigation costs incurred by the Audit Services Unit, which still represented value for money. The exercise was also a significant contribution to the Council's responsibility for the prevention and detection of fraud.

RESOLVED that the Committee notes the outcome of the Council's participation in the NFI 2022-23 exercise.

8/24 **MEETING DATES AND AGENDA ITEMS FOR 2024-25**

Approval was sought for the proposed dates for Audit Committee meetings and the likely agenda items for consideration and/or approval for 2024-25. The proposed dates and agenda items were set out in a schedule at Appendix 2 to the report. Audit Committee member training proposals and any additional reports arising may be added to this schedule.

RESOLVED that the Committee agrees the proposed programme for 2024-25 and the meeting dates as follows:

- 18 June 2024
- 16 July 2024
- 17 September 2024
- 3 December 2024
- 28 January 2025
- 18 March 2025

9/24 **EXTERNAL AUDIT COMPLETION REPORT - DERBYSHIRE PENSION FUND**

Mark SurrIDGE from Mazars attended the meeting to present their completion reports for Derbyshire County Council and the Derbyshire Pension Fund for the year ended 31 March 2023.

Work on the Pension Fund accounts was virtually complete and based on the work that had been completed to date, there were no identified significant control deficiencies and no adjusted misstatements. Currently one area of work was still outstanding which related to the difference between valuation of unquoted investments per pension fund accounts and third-party confirmation received after the year-end. It was anticipated that an unqualified opinion on the financial statements would be issued in February alongside the Derbyshire County Council's financial statements.

The audit of the County Council's financial statements for the year ended 31 March 2023 had substantially been completed. Following the

settlement of the long-term waste management contract, Mr Surridge informed the Committee that productive discussions had taken place with the Council's Finance team on how to account for the treatment facility in 2022-23. It was anticipated that an unqualified opinion on the financial statements would be issued in February.

On behalf of the Committee, the Chairman thanked Mr Surridge for his attendance at the meeting and his comprehensive report.

RESOLVED that the Committee notes the reports of the External Auditors.

The meeting finished at 2.47 pm